

# **EXCEL TECHNOLOGY, INC.**

## **CORPORATE GOVERNANCE POLICY**

### **AUDIT COMMITTEE POLICY AND PROCEDURES FOR (A) THE RECEIPT, RETENTION AND TREATMENT OF COMPLAINTS AND EMPLOYEE CONCERNS REGARDING ACCOUNTING, INTERNAL CONTROLS AND AUDITING MATTERS AND (B) THE CONFIDENTIAL ANONYMOUS SUBMISSION BY EMPLOYEES OF CONCERNS REGARDING QUESTIONABLE ACCOUNTING OR AUDITING MATTERS**

#### **1. PURPOSE OF DOCUMENT**

Pursuant to Section 301(m)(4) of the Sarbanes-Oxley Act of 2002, and the Audit Committee Charter of Excel Technology, Inc. (the "Company"), the Company is required to establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. This document describes the policies and procedures established by the Company's Audit Committee with respect to the foregoing.

#### **2. OVERSIGHT**

The Audit Committee, comprised of independent outside directors, will oversee the investigation and resolution of reported complaints and concerns and have overall authority for the implementation of policy and procedures.

#### **3. SCOPE OF PROCEDURES**

The procedures cover complaints or concerns relating to any questionable accounting, internal control or auditing matter. The following are examples of, but they are not meant to limit, the types of issues that could be communicated:

- Any fraud or deliberate error in preparing, evaluating, reviewing or auditing any financial statement;
- Any fraud or deliberate error in recording or maintaining of financial records;
- Any deficiencies in or lack of compliance with internal accounting controls;
- Any misrepresentation or false statement regarding a matter contained in or affecting any financial record, financial report or audit report;
- Any deviation from full and fair reporting of the Company's financial condition or results.

#### 4. SUBMISSION OF COMPLAINTS AND CONCERNS

Employees (as well as non-employees) may report complaints via a special toll-free telephone number or by regular mail or e-mail to a special address published on the Company's website.

If an Employee submits information on a confidential, anonymous basis, in general, the Company will not attempt to discover the Employee's identity, except if required under applicable law or NASDAQ rules.

#### 5. TREATMENT OF COMPLAINTS

All reported complaints and concerns regarding accounting, internal control or audit matters initially will be reviewed by outside Corporate General Counsel who will confer with the Chairperson of the Company's Audit Committee to (1) ensure it was submitted in good faith by an individual with knowledge of the relevant accounting, control or auditing practice, and (2) ascertain whether the report raises a legitimate compliance issue. If such is the case, the complaint will be forwarded to all members of the Audit Committee. If such is not the case, outside General Counsel will attempt to resolve the complaint or concern in cooperation with Company management not alleged to be involved in the matter.

The Corporate General Counsel will acknowledge receipt of all complaints or concerns in writing, unless it was submitted anonymously, and maintain a log of all reported complaints and concerns, tracking receipt, investigation and resolution, and shall prepare a periodic summary report thereof (which will be made on at least a quarterly basis) for the Audit Committee.

The Audit Committee will direct and oversee the investigation and resolution of any accounting, internal control or auditing issues reported. The Audit Committee will determine, in its judgment, whether a reasonable basis exists for commencing a formal investigation into the complaint. If the Audit Committee makes such a determination, then it shall instruct Company's counsel or another person or group chosen for this purpose ("Investigator") to proceed with a formal investigation. The Investigator shall oversee all such investigations under the authority of the Audit Committee. The Audit Committee shall have the authority to retain outside legal or accounting expertise in any investigation, as it deems necessary to conduct the investigation in accordance with its charter and this policy. Prior to commencement of any formal investigation, the Audit Committee may direct outside Corporate General Counsel to investigate the matter on a preliminary basis and attempt to resolve the complaint or concern in cooperation with Company management not alleged to be involved in the matter.

In the event of a formal investigation, the Audit Committee, with the input of the Investigator and the Company's management, if requested, will determine any corrective action in response to a reported complaint or concern, as appropriate. Directors, officers and employees that are found to have violated any laws, governmental regulations or Company policies will face appropriate, case specific disciplinary action, which may include demotion or discharge.

6. TREATMENT OF EMPLOYEES (AND OTHERS) FILING COMPLAINT OR CONCERN

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms or conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of these complaints or concerns, or based upon any information or assistance the employee provides in good faith during an investigation of a complaint or concern of this nature.

The Company, the Audit Committee and outside Corporate General Counsel will protect, to the fullest extent possible, the confidentiality and anonymity of any person submitting a complaint or concern regarding any of the foregoing matters, and of any person involved in an investigation of a complaint or concern of this nature, subject to applicable law and stock exchange rules.

7. RETENTION OF DOCUMENTATION

The outside Corporate General Counsel will retain a copy of the summary logs, all submitted complaints and concerns and all documents provided or generated pursuant to any investigation hereunder for a period of not less than seven years.