



CHARTER OF THE AUDIT COMMITTEE

I. Audit Committee Purpose

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.
- Monitor the independence and performance of the Company's independent auditors and internal audit function.
- Monitor the Company's compliance with legal and regulatory requirements.
- Provide an avenue of communication among the independent auditors, management, the internal auditing department, and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. Audit Committee Composition and Meetings

Audit Committee members shall meet the requirements of the NASD. The Audit Committee shall be comprised of such number of directors as determined by the Board, but no less than two directors, each of whom shall be an independent director (as such is defined by Nasdaq rules), free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a reasonable level of financial sophistication so as to be able to read and understand and analyze financial statements of the Company.

Audit Committee members shall be elected by the Board at the annual meeting of the Board or until their successors shall be duly elected and qualified. If an audit committee Chair is not designated, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee should meet privately in executive session at least annually with management, the director of the internal auditing department, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed. In addition, the Committee, or at least its Chair, should communicate with management and the independent auditors quarterly to review the Company's financial statements and significant findings based upon the auditors limited review procedures.

At the request of a member of the Audit Committee, management, the independent public accountants, or the internal auditor, the Audit Committee may meet and confer with such officers and employees of the Company as the Audit Committee shall deem appropriate in connection with carrying out the Audit Committee's responsibilities, including any significant difficulties encountered during the course of the audit and any restrictions on the scope of work or access to required information.

III. Audit Committee Responsibilities and Duties

1. Overseeing the internal audit function and reviewing, on a continuing basis, the adequacy of the Company's system of internal controls, including meeting periodically with the Company's management and the independent auditors to review the adequacy of such controls and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company's periodic filings and the attestations or reports by the independent auditors relating to such disclosure.

2. Appointing, compensating and overseeing the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

3. Pre-approving audit and non-audit services provided to the Company by the independent auditors; in this regard, the Audit Committee shall have the sole authority to approve the hiring (subject to the approval of the Company's stockholders) and firing of the independent auditors, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the independent auditors.

4. Reviewing and providing guidance with respect to the external audit and the Company's relationship with its independent auditors by:

- (a) reviewing the independent auditors' proposed audit scope, approach and independence;
 - (b) obtaining on a periodic basis a statement from the independent auditors regarding relationships and services with the Company which may
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impact independence and presenting this statement to the Board of Directors, and to the extent there are relationships, monitoring and investigating them;

- (c) reviewing the independent auditors' peer review conducted every three years;
- (d) discussing with the Company's independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies and disagreements with management and any other matters described in SAS No. 61, as may be modified or supplemented;
- (e) reviewing reports submitted to the audit committee by the independent auditors in accordance with the applicable SEC requirements; and
- (f) reviewing and discussing with management and the independent auditors the annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC.

5. Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements including the Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews.

6. Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditors.

7. Reviewing before release the unaudited quarterly operating results in the Company's quarterly earnings release.

8. Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities.

9. Reviewing, approving and monitoring the Company's code of ethics for its senior officers.

10. Reviewing management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act.

11. Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements.

12. Providing oversight and review at least annually of the Company's risk management policies, including its investment policies.

13. Reviewing the performance of the independent auditors and ensure that the independent auditors are accountable to the Board of Directors.

14. Ensuring receipt from the independent auditors of a formal written statement delineating between the auditor and the Company, consistent with Independence Standards Board Standard 1, as well as actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.

15. If necessary, instituting special investigations and, if appropriate, hiring special counsel or experts to assist.

16. Reviewing related party transactions for potential conflicts of interest.

17. Reviewing and reassessing the adequacy of its formal written charter on an annual basis.

18. Performing other oversight functions as requested by the full Board of Directors.

IV. Other Audit Committee Responsibilities

19. Annually prepare a report to shareholders as required by the Securities and Exchange Commission. The report should be included in the Company's annual proxy statement.

20. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.

21. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's Code of Business Conduct.
