

AUDIT COMMITTEE CHARTER

I. ORGANIZATION

The Audit Committee is comprised of three outside directors. The members of the Audit Committee shall meet the independence and experience requirements of the Nasdaq National Market System (as then required and in effect). If the Company's securities are quoted on any other market or listed on any exchange, the Audit Committee shall meet the independence and experience requirements of such market exchange. The members Audit Committee shall be appointed by the Board (on the recommendation of the Nominating Committee).

II. PURPOSE

To assist the Board of Directors in fulfilling its oversight responsibilities with respect to the following:

- A. discussing the financial statements of the Company with management and the Company's independent auditors;
- B. monitoring actions taken by the Company to comply with its internal policies as well as external accounting, legal and regulatory requirements;
- C. reviewing disclosures regarding independence of the Company's outside auditors; and
- D. evaluating the performance of the Company's independent auditors.

III. RESPONSIBILITIES

- A. Provide an open avenue of communication between the internal auditor, the independent accountants and the Board of Directors.
- B. Review and reassess the Committee's charter annually and recommend changes to the board for approval.
- C. Recommend to the Board of Directors the independent accountants to be nominated and review and approve the discharge of the independent accountants. The independent accountants are ultimately to be held accountable to the Board of Directors and the Audit Committee.
- D. Receive and review a formal written statement from the independent accountants delineating any and all relationships between the independent accountants and the Company. Discuss any disclosed relationships or services which may impact the independent accountants' objectivity and

independence and take, or recommend that the Board of Directors take, appropriate action to ensure the independence of the accountants.

- E. Review the scope and services to be performed by the independent accountants during the coming year, including a review of the amount of fees budgeted and paid to the independent accountants.
- F. Review with the internal auditor and the independent accountants the coordination of audit efforts.
- G. Review with the independent accountants, the internal auditor and financial and accounting personnel, the accounting and financial controls of the Company, which are the responsibility of the Company's management, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
- H. Review with management and the independent accountants at the completion of the annual audit or quarterly review:
 - (a) The Company's financial statements and related footnotes.
 - (b) The independent accountants' audit / review of the financial statements and their report thereon.
 - (c) Any significant changes required in the independent accountants' audit or review plan.
 - (d) Other matters related to the conduct of the audit / review which are to be communicated to the Committee under generally accepted auditing standards.
- I. Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
- J. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
- K. Obtain from the independent auditor assurance that Section 10A (relating to the detection of illegal acts that may have a direct and material effect on the determination of financial statement accounts) of the Securities Exchange Act of 1934 has not been implicated.

- L. Obtain reports from management and the independent auditor that the Company's then-existing subsidiary and foreign affiliated entities are in conformity with applicable legal requirements.
- M. Discuss with the independent auditor the matters required to be discussed by Statement of Auditing Standards No. 61 relating to the conduct of the audit.
- N. Monitor actions taken by the Company in response to any letters or reports to management provided by the internal auditors or independent auditors.
- O. Review the Company's policies with respect to conflicts of interest.
- P. Advise the Board with respect to the Company's policies and procedures regarding compliance with its internal policies as well as applicable laws and regulations, including without limitation with respect to maintaining books, records and accounts and a system of internal accounting controls in accordance with Section 13(b)(2) of the Securities Exchange Act of 1934.
- Q. Review with counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- R. Meet at least annually with the chief financial officer and the independent auditor in separate executive sessions.
- S. Prepare and submit any report required by the Securities and Exchange Commission for inclusion in the Company's proxy statement.
- T. Review with management and the internal auditor:
 - (a) Significant findings during the year and management's responses thereto.
 - (b) Any difficulties encountered in the course of the audits, including any restrictions on the scope of the audit work or access to required information.
 - (c) Internal auditing department budget and staffing.
- U. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose if, in its judgment, that is appropriate.

IV. LIMITATIONS ON RESPONSIBILITIES AND POWERS

While the Audit Committee has the responsibilities and powers set forth above in this Audit Committee Charter, it is not the duty of the Audit Committee:

- A. to plan or conduct audits;
- B. to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles (this determination shall remain the responsibility of management and the independent auditor);
- C. to conduct investigations;
- D. to resolve disagreements, if any, between management and the independent auditor; or
- E. to assure compliance with the Company's internal policies, accounting rules and other applicable laws and regulations.