



## CAL AMP CORP.

### AUDIT COMMITTEE CHARTER

#### 1. **Members**

The Board of Directors shall appoint an Audit Committee of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson. Members of the Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Governance and Nominating Committee, and may be removed by the Board of Directors in its discretion. For the purposes hereof, the term "independent" shall mean a director who meets the independence requirements of the Nasdaq Stock Market, Inc. ("NASDAQ") for directors and audit committee members, as determined by the Board of Directors. In addition, no Audit Committee member may have participated in the preparation of the financial statements of the Company, or any current subsidiary of the Company, at any time during the past three years.

Each member of the Company's Audit Committee must be financially literate at the time of appointment and at least one member of the Audit Committee must be an "audit committee financial expert," as determined by the Board of Directors in accordance with Securities and Exchange Commission ("SEC") rules.

#### 2. **Purposes, Duties, and Responsibilities**

The purposes of the Audit Committee shall be to:

- represent and assist the Board of Directors in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Company and its subsidiaries, and the audits of the Company's financial statements, including the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the Company's program to monitor compliance with internal controls; (iv) the outside auditor's qualifications and independence; and (v) the performance of the Company's outside auditor; and
- prepare the Audit Committee report required by SEC rules to be included in the Company's annual proxy statement.

Among its specific duties and responsibilities, the Audit Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, NASDAQ or other regulatory authority:

- a. Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention, and oversight of the work of the outside auditor. In this regard, the Audit Committee shall appoint and retain, approve the compensation of, evaluate and terminate, when appropriate, the outside auditor, which shall report directly to the Audit Committee.

- b. Approve in advance all audit and non-audit services to be provided by the outside auditor, including any written engagement letters related thereto, and establish policies and procedures for the engagement of the outside auditor to provide permissible audit and non-audit services.
- c. Consider, at least annually, the independence of the outside auditor, including whether the outside auditor's performance of permissible non-audit services is compatible with the auditor's independence; obtain and review a report by the outside auditor describing any relationships between the outside auditor and the Company or any other relationships that may adversely affect the independence of the auditor; and discuss with the outside auditor any disclosed relationships or services that may impact the objectivity and independence of the auditor.
- d. Review and discuss with the outside auditor: (i) the scope of the audit, the results of the annual audit examination by the auditor and any accompanying management letters, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the outside auditor's activities or on access to requested information, and any significant disagreements with management; and (ii) any reports of the outside auditor with respect to interim periods.
- e. Review and discuss with management and the outside auditor the annual audited and quarterly unaudited financial statements of the Company, including: (i) an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (ii) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" (iii) major issues regarding the Company's accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations; and (iv) reports from the outside auditor required by SEC rules.
- f. Recommend to the Board based on the review and discussion described in paragraphs (c) - (e) above, whether the financial statements should be included in the Annual Report on Form 10-K.
- g. Review and discuss the adequacy and effectiveness of the Company's internal controls, and any significant deficiencies and significant changes in internal controls reported to the Audit Committee by the outside auditor or management; and review and discuss with the principal financial officer of the Company and such others as the Audit Committee deems appropriate, the scope and results of the program to monitor compliance with internal controls.
- h. Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.

- i. Review and discuss corporate policies with respect to earnings press releases and financial information and earnings guidance provided to analysts and ratings agencies.
- j. Review and approve all related party transactions (as defined in NASDAQ listing standards).
- k. Review material pending legal proceedings involving the Company and other contingent liabilities, and consult with outside legal counsel on such matters as deemed necessary.
- l. Establish procedures for receiving and handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
- m. Administer the Company's code of conduct in conjunction with administering the procedure for handling employee complaints on accounting and auditing matters.
- n. Review and discuss the Company's practices with respect to risk assessment and risk management.
- o. Establish policies for the hiring of employees and former employees of the outside auditor.
- p. Evaluate annually the performance of the Audit Committee and the adequacy of the Audit Committee charter.

### **3. Outside Advisors**

The Audit Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist the Audit Committee in the performance of its functions. The Audit Committee shall have sole authority to approve related fees and retention terms and shall receive appropriate funding, as determined by the Audit Committee, from the Company for payment of compensation to any such advisors.

### **4. Meetings**

The Audit Committee will meet at least four times per year, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee shall meet separately in executive session, periodically, with each of management and the outside auditor. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum. The Audit Committee shall report regularly to the full Board of Directors with respect to its activities.