

**AUDIT COMMITTEE CHARTER  
OF  
RADIATION THERAPY SERVICES, INC.**

**I. Purpose**

This Charter governs the operations of the Audit Committee (the “Committee”) of the Board of Directors of Radiation Therapy Services, Inc. (the “Company”). The primary objectives of the Committee are to represent and assist the Board in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company’s financial statements; (ii) the surveillance of administration and financial controls and the Company’s compliance with legal and regulatory requirements; (iii) the outside auditor’s qualifications and independence; and (iv) the performance of the Company’s internal audit function and the Company’s outside auditor.

**II. Organization and Procedures**

The Committee shall be appointed by the Board. The Committee shall consist of at least three (3) members, each of whom shall satisfy the applicable independence and other applicable requirements of the Securities and Exchange Commission (the “SEC”) and the Nasdaq Stock Market, Inc. (“Nasdaq”). The Board shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee.

Each member of the Audit Committee must be financially literate and at least one member must have past employment experience in accounting or finance, requisite professional certification in accounting, or such other comparable experience or background which results in the individual’s financial sophistication including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. In addition, at least one member of the Audit Committee shall be an “audit committee financial expert,” as determined by the Board in accordance with SEC and Nasdaq rules.

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

The Committee will review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.

**III. Duties and Responsibilities**

The Committee shall:

- a. Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation and oversight of the work of the outside auditor. In this regard, the Committee shall appoint and retain, subject to ratification by the Company's shareholders, compensate, evaluate, and terminate, when appropriate, the outside auditor, which shall report directly to the Committee.
- b. Obtain and review, at least annually, a report by the outside auditor describing: the outside auditor's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the outside auditing firm, and any steps taken to deal with any such issues.
- c. Review and approve in advance all audit services to be provided by the outside auditor.
- d. Review and approve in advance all permissible non-audit services to be provided by the outside auditor.
- e. At least annually, (i) consider 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, (ii) obtain and review a formal written statement from the outside auditor, consistent with Independence Standards Board Standard 1, describing any relationships between the outside auditor and the Company or any other relationships that may adversely affect the objectivity, independence of the auditor, (iii) actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and (iv) take, or recommend that the full Board take, appropriate action to oversee the independence of the outside auditor.
- f. 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 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.
- g. 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," including accounting policies that may be regarded as critical; and (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 receive reports from the outside auditor as required by SEC rules.

- h. Recommend to the Board based on the review and discussion described in paragraphs (e) – (g) above, whether the financial statements should be included in the Annual Report on Form 10-K.
- i. Review and discuss the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies in internal controls and significant changes in such controls reported to the Committee by the outside auditor or management.
- j. Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.
- k. Review and approve with the principal internal auditor of the Company the scope and results of the internal audit program.
- l. Review and discuss corporate policies and procedures with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.
- m. Review and discuss the Company's policies with respect to risk assessment and risk management.
- n. Oversee the Company's compliance systems with respect to legal and regulatory requirements, review the Company's Code of Ethics and monitor compliance with such Code.
- o. Establish procedures for 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.
- p. Establish policies for the hiring of employees and former employees of the outside auditor.
- q. Prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
- r. Review and approve in advance any related party transaction.
- s. Undertake all other specific duties and responsibilities otherwise not set forth above which are required under applicable SEC and Nasdaq rules.

To the extent permitted by applicable law, the Committee may delegate duties and responsibilities to its individual members or sub-committees.

#### **IV. Committee Authority**

The Committee shall have the authority to conduct studies or authorize investigations into matters within the Committee's scope of duties and responsibilities and may retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist the Committee in the performance of its functions and shall receive appropriate funding, as determined by the Committee, from the Company for payment of compensation to any such advisors.

#### **V. Adoption and Posting on Website**

This Charter was adopted by the Board on April 15, 2004 and shall be posted on the Company's website.