

**CHARTER OF THE  
AUDIT COMMITTEE  
OF  
THE BOARD OF DIRECTORS  
OF  
NIGHTHAWK RADIOLOGY HOLDINGS, INC.**

**PURPOSE:**

The purpose of the Audit Committee of the Board of Directors (the “Board”) of Nighthawk Radiology Holdings, Inc. (the “Company”) shall be to:

- Oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;
- Assist the Board in oversight and monitoring of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications, independence, and performance, and (iv) the Company’s internal accounting, financial, and disclosure controls;
- Prepare the Audit Committee report that the rules of the Securities and Exchange Commission (the “SEC”) require be included in the Company’s annual Proxy Statement;
- Provide the Board with the results of its monitoring and its recommendations; and
- Provide to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

In addition, the Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe to the Audit Committee.

**COMMITTEE MEMBERSHIP:**

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board of Directors. The Audit Committee will consist of at least three members of the Board of Directors. Members of the Audit Committee must meet the following criteria (as well as any criteria required by the SEC):

- At all times when required under applicable NASDAQ and SEC rules, each member will be an independent director, as defined under such NASDAQ and SEC rules;
- Each member will be able to read and understand fundamental financial statements, in accordance with the NASDAQ National Market Audit Committee requirements; and
- At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background, such as a current or past position as a principal financial officer or other senior officer with financial oversight responsibilities.

## **COMMITTEE RESPONSIBILITIES AND AUTHORITIES:**

The responsibilities of the Audit Committee shall include:

- 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 any 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;
- Recommending the appointment of, approving the compensation of, 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;
- Pre-approving audit and non-audit services to be provided to the Company by the independent auditors (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Audit Committee shall have the sole authority to approve the hiring 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;
- Reviewing and providing guidance with respect to the external audit and the Company's relationship with its independent auditors by (i) reviewing the independent auditors' proposed audit scope, approach, and independence; (ii) obtaining on a periodic basis a statement from the independent auditors regarding relationships and services with the Company that may affect or interfere with their independence and presenting this statement to the Board of Directors, and to the extent there are relationships, monitoring, and investigating them; (iii) 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; and (iv) reviewing reports submitted to the Audit Committee by the independent auditors in accordance with the applicable SEC requirements;
- 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" and other disclosures, prior to filing with the SEC the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively;
- Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Conducting a post-audit review of the financial statements and audit findings, including any written or documented material suggestions for improvements provided to management by the independent auditors;

- Reviewing before release the unaudited quarterly operating results in the Company's quarterly earnings release;
- Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and Audit Committee members, member qualifications and activities;
- Reviewing, approving and monitoring the Company's Code of Ethics for its senior financial officers;
- Reviewing management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act;
- Reviewing, in conjunction with counsel, any legal matters that could have a material impact on the Company's financial statements;
- If necessary, instituting special investigations with full access to all books, records, facilities, and personnel of the Company;
- As appropriate, obtaining advice and assistance from outside legal, accounting, or other advisors;
- Reviewing and approving in advance any proposed related party transactions;
- Reviewing its own Charter, structure, processes, and membership requirements;
- Providing a report in the Company's Proxy Statement in accordance with the rules and regulations of the SEC; and
- Establishing procedures for receiving, retaining, and treating comments received by the Company regarding accounting, internal accounting controls, or auditing matters and procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

#### **MEETINGS:**

The Audit Committee will meet in person or by phone at least four times each year. The Audit Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

The Audit Committee will meet separately in person or by phone with the Chief Executive Officer and separately in person or by phone with the Chief Financial Officer of the Company at such times as are appropriate to review the financial affairs of the Company. The Audit Committee will meet separately with the independent auditors and the internal auditor of the Company, if any, at such times as it deems appropriate, but not less than annually, to fulfill the responsibilities of the Audit Committee under this Charter.

#### **MINUTES:**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

**REPORTS:**

In addition to preparing the report in the Company's Proxy Statement in accordance with the rules and regulations of the SEC, the Audit Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with the Audit Committee's Charter.

**COMPENSATION:**

Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any Committee of the Board.

**DELEGATION OF AUTHORITY:**

The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services to be provided by the independent auditors, provided such pre-approval decision is presented to the full Audit Committee at its next scheduled meeting.