

Audit Committee Charter

Committee Membership

The Audit Committee of the Board of Directors of Medical Action Industries Inc. shall consist of at least three directors. The members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Governance Committee and may be removed by the Board at its discretion. All members of the Committee shall, in the Board's judgment, meet the applicable independence requirements of the NASDAQ Stock Market ("NASDAQ") and all other applicable laws and regulations, and shall have sufficient financial experience and ability at the time of appointment to the Committee, or within a reasonable period of time thereafter, to discharge their responsibilities. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any subsidiary of the Company at any time during the past three years and all should be able to read and understand fundamental financial statements. At least one member of the Committee shall, in the Board's judgment, qualify as an "audit committee financial expert" as defined by applicable regulations and summarized in Appendix A.

The Committee's Purpose

The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of Medical Action's financial statements, legal and regulatory compliance, the independent auditor's qualifications and independence, and the performance of Medical Action's internal audit function and of the independent auditors.

Prepare the report of the Committee required by the rules of the Securities and Exchange Commission ("Commission") to be included in the Company's annual proxy statement.

Committee Authority and Responsibilities

The authority and responsibilities of the Audit Committee are:

1. To be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation, retention and oversight of the work of the independent auditor. In this regard, the Committee shall appoint and retain, subject to ratification by the Company's stockholders, compensate, evaluate, and terminate when appropriate, the independent auditor, which shall report directly to the Audit Committee. The Committee shall establish pre-approval procedures consistent with applicable law and regulation, and may delegate

pre-approval of permitted services to one or more of its members, subject to review by the Committee at its next meeting.

2. To evaluate the independence and qualification of the independent auditor, based upon discussions with the auditing firm and management, and on review of periodic reports by the independent auditor describing all circumstances or relationships between the independent auditor and Medical Action or its management that are relevant to a determination of independence, as well as a report on the firm's internal quality-control; including any material issues raised by relevant internal or peer quality-control reviews, or in any registration with, or inquiry or investigation by, governmental or professional authorities.
3. To review with the independent auditor the scope and results of its audit, and any audit problems or difficulties and management's response (including resolution of any disagreement between management and the auditor regarding financial reporting).
4. To discuss the Medical Action annual audited financial statements and quarterly financial statements with management and the independent auditor, including Medical Action's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other matters required to be reviewed under applicable legal, regulatory or NASDAQ requirements, and all matters raised by the independent auditors pursuant to applicable standards, and to determine whether to recommend to the Board that the audited financial statements be included in Medical Action's Annual Report on Form 10-K.
5. To review with management, the internal audit department and the independent auditor the adequacy and effectiveness of the Company's disclosure and internal control procedures, including any material changes or deficiencies in such controls.
6. To discuss with management Medical Action's risk assessment and risk management policies, including the Company's major financial risk exposure and steps taken by management to monitor and mitigate such exposure.
7. To discuss with management and the independent auditor Medical Action's earnings press releases, as well as the type of financial information and earnings guidance, if any, provided to analysts and rating agencies.

8. To review Medical Action's financial reporting and accounting standards and principles, significant changes in such standards or principles or in their application and the key accounting decisions affecting the Company's financial statements, including alternatives to, and the rationale for, the decisions made.
9. To set policies for the hiring of employees or former employees of the Company's independent auditors.
10. To review with the internal audit department the status and results of the annual internal audit plan, assessments of the adequacy and effectiveness of internal controls, and the sufficiency of the department's resources.
11. To establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, as well as for confidential, anonymous submission by employees, and others, if requested, of concerns regarding questionable accounting or auditing matters.
12. To review and approve all "related party transactions" for potential conflict of interest situations on an ongoing basis.

Committee Meetings, Support, Delegation and Evaluation

13. The Audit Committee shall meet at least quarterly, keep minutes of its proceedings and report regularly to the Board. A majority of the members of the Committee shall constitute a quorum at all Committee meetings.
14. The Audit Committee may invite to its meetings any director, officer of the Company or such other person as it deems appropriate to assist it in performing its responsibilities.
15. The Audit Committee shall meet separately in executive session with representatives of the Company's independent auditors and representatives of the Company's internal audit department at least quarterly, and with representatives of management periodically as the Committee deems appropriate. The Committee shall also have unlimited access, as appropriate, to Medical Action management, its internal audit department, and other Medical Action personnel.

16. The Audit Committee has the authority to retain independent legal, accounting or other consultants in its sole discretion and to approve related fees and retention terms. The Committee shall also receive any funding it deems necessary or appropriate for ordinary administrative expenses.
17. The Audit Committee may delegate specific responsibilities to one or more individual Audit Committee members to the extent permitted by law, regulation, NASDAQ Listing Standards and the Articles of Incorporation of the Company. This includes the authority to grant pre-approvals of audit and permissible non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.
18. The Audit Committee shall conduct and present to the Board an annual performance evaluation of the Committee. The Committee shall review annually the adequacy of this charter and recommend any changes that it deems appropriate to the Board for approval.

APPENDIX A

AUDIT COMMITTEE FINANCIAL EXPERT

1. An "audit committee financial expert" means a member of the Audit Committee who has all of the following attributes:
 - i. An understanding of generally accepted accounting principles ("GAAP") and financial statements;
 - ii. The ability to assess the general application of GAAP in connection with the accounting for estimates, accruals and reserves;
 - iii. Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Medical Action's financial statements, or experience actively supervising one or more persons engaged in such activities;
 - iv. An understanding of internal controls and procedures for financial reporting; and
 - v. An understanding of audit committee functions.
2. The required attributes described in 1 above must have been acquired through one or more of the following:
 - i. Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
 - ii. Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
 - iii. Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
 - iv. Other relevant experience.