



AUDIT COMMITTEE CHARTER

Effective February 27, 2003

I. ROLE:

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for management's conduct of the Company's accounting and financial reporting processes and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics.

II. MEMBERSHIP:

A. Independence/Composition. The Audit Committee shall be comprised of not less than three (3) members of the Board of Directors. Each member of the Audit Committee shall meet independence and experience requirements of NASDAQ, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the "Commission"). Accordingly, the members of the Audit Committee will consist of directors:

- None of whom has any relationship to the Company that would interfere with the exercise of his or her independent judgment as a member of the Audit Committee; and
- All of whom, as determined by the Board of Directors in its business judgment, are financially literate and have a working familiarity with basic financial and accounting practices and at least one member of the Audit Committee shall be an "audit committee financial expert" in compliance with the criteria established by the Commission.

B. Appointment. The members of the Audit Committee shall be nominated and appointed annually to one-year terms by the Board of Directors. The Board shall designate one member of the Audit Committee as Chair. Audit Committee members may be replaced by the Board.

III. MEETINGS:

A. Schedule. The Audit Committee shall hold regular meetings at least quarterly each fiscal year. The meeting schedule shall include sessions with management, and the independent auditor. Each regularly scheduled meeting of the Audit Committee shall, however, conclude with an executive session of the Audit Committee, absent members of management and on such terms and

conditions as the Audit Committee may elect. Special meetings of the Audit Committee may be called pursuant to any procedures established by the Audit Committee. Pre-meeting materials are expected to be distributed to Audit Committee members in sufficient time prior to meetings to permit review by members before such meetings.

B. Minutes/Reports. The Audit Committee shall keep written minutes of its meetings, including a report of all actions taken by the Audit Committee. Such minutes shall be delivered to the Board of Directors and shall be maintained with the books and records of the Company.

IV. **RESPONSIBILITIES:**

The Company's management is responsible for preparing the Company's financial statements, and the independent auditor is responsible for auditing the Company's financial statements. The Company's financial management, including the independent auditor, has more time, knowledge and more detailed information of the Company than does the Audit Committee. Consequently, the Audit Committee's role is one of oversight and does not provide any expert assurance or certification as to the Company's financial statements or the work of the independent auditor.

The following functions are the common recurring activities of the Audit Committee in carrying out its oversight function:

A. Document And Report Review

1. Review, assess the adequacy of, and update this Charter periodically or as conditions dictate (no less often than annually).
2. Review and discuss with management the Company's annual financial statements and any reports or other financial information submitted to the Securities and Exchange Commission or to the public, including any report issued by the independent auditor, and including matters required to be reviewed under applicable legal, regulatory, or NASDAQ requirements. In lieu of the entire Audit Committee undertaking such review and discussion, the Chair may review and discuss with management if the entire Audit Committee's involvement is not required by any applicable law, rule, or regulation.
3. Recommend to the Board of Directors whether the financial statements should be included in the Annual Report on Form 10-K.
4. Review and discuss with management and the independent auditor the quarterly report on Form 10-Q prior to its filing, including

matters required to be reviewed under applicable legal, regulatory, or NASDAQ requirements.

5. Discuss with management earnings press releases prior to dissemination, and financial information and earnings guidance provided to analysts and rating agencies. In lieu of the entire Audit Committee undertaking such discussions, the Chair may hold such discussions with management if the entire Audit Committee's involvement is not required by any applicable law, rule, or regulations.

B. Independent Auditors

1. Select and appoint, determine the compensation of and funding for, evaluate, and provide oversight of the Company's independent auditor, including the removal of the Company's independent auditor, all within the Audit Committee's sole authority. The independent auditor shall report and be accountable directly to the Audit Committee, and the Audit Committee shall oversee the resolution of any disagreements between management and the independent auditor.
2. On an annual basis, review and discuss with the independent auditor all significant relationships the auditor has with the Company to determine the auditor's objectivity and independence, undertaking or recommending appropriate action to ensure and continue that independence.
3. Implement and administer the Company's Policy Regarding the Approval of Audit and Permissible Nonaudit Services Provided by the Independent Auditor.
4. Review the independent auditor's attestation and report on management's internal control report, and hold timely discussions with the independent auditor regarding the content of that attestation and report.
5. At least annually, obtain and review a report by the independent auditor regarding:
 - (a) The firm's internal quality control procedures;
 - (b) Any material issues raised by the most recent internal quality-control review, peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one

or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and

- (c) All relationships between the independent auditor and its related entities and the Company and its related entities (with a confirmation that in the professional judgment the auditor is independent of the Company under all applicable laws, rules, and regulations).

C. Financial Reporting Processes

1. Review the integrity of the Company's financial reporting process, both internal and external, giving consideration to consultation with management and the independent auditors.
2. Review the Company's critical accounting policies and practices as well as consider and approve, as appropriate, major changes to the Company's accounting policies and practices as suggested by the independent auditor and/or management.
3. Review and approve all related party transactions.
4. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures necessary to receive and respond to confidential and anonymous submissions by Company employees regarding questionable accounting or auditing matters.

D. Internal Audit

1. Discuss with management and the independent auditor the necessity of an internal audit function.
2. To the extent an internal audit function is considered necessary, to oversee the organization, objectivity, responsibilities, plans, budgets, and staffing of such a function.

E. Ethical and Legal Compliance

1. Review the Company's Code of Business Conduct and Ethics, when and as approved by the Board of Directors, to ensure that management has maintained a system to comply with expected ethical and legal requirements.

2. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies.
3. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
4. Discuss the Company's risk assessment and risk management, any steps taken by management to control or mitigate risk exposure, as well as any audit problems or difficulties and management's response.

F. Other

1. Prepare the Audit Committee report, in accordance with all applicable rules and regulations, to be included in the Company's annual Proxy Statement to shareholders.
2. Perform an annual self-assessment relative to the Audit Committee's purpose, duties and responsibilities set forth in this Charter.
3. Obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform the Audit Committee's duties and responsibilities. The Audit Committee has the sole authority to retain and determine the funding for such advisors and shall be given the necessary resources to retain such advisors and to otherwise fulfill its functions as set forth in this Charter.
4. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

V. **LIMITATIONS:**

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine if the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.