



AUDIT COMMITTEE CHARTER

The Audit Committee is appointed by the Board to assist the Board in (1) fulfilling its responsibility to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company, (2) monitoring the qualifications, independence and performance of the Company's internal and independent auditors, (3) monitoring the compliance by the Company with legal and regulatory requirements, and (4) approve the reports that SEC rules require be included in the Company's annual proxy statement.

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, to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles or to certify or otherwise attest to the Company's financial statements. This is the responsibility of management and the independent auditor.

MEMBERSHIP

The Audit Committee shall be comprised of three or more directors, one of whom shall be the Chairman of the Committee, all as determined by the Board. Each member of the Audit Committee shall satisfy the independence, financial literacy (as such term is interpreted by the Board in its business judgment) and experience requirements as promulgated by the NASDAQ, as in accordance with the rules of the Securities and Exchange Commission SEC (with respect to financial literacy, a person may become financially literate within a reasonable time after his or her appointment). Prior to appointment and annually thereafter the Board must affirmatively determine that each member of the Audit Committee has no relationship with the Company that would interfere with the exercise of his or her independent judgment and is otherwise independent within the meaning of Section 10A of the Securities Exchange Act of 1934, as amended (the 34 Act), and the rules and regulations of the SEC promulgated thereunder. At least one member of the Audit Committee shall have accounting or related financial management expertise (as such qualification is established by the Board) and shall otherwise be a financial expert (as such term is defined by the SEC). In considering whether an Audit Committee member is able to devote the time necessary to perform his duties as such a member, the Board shall consider, among other things, whether simultaneous service as a member of any other company audit committee would materially impair such member's effectiveness on the Audit Committee. The only compensation that will be paid by the Company to members of the Audit Committee will be directors' fees payable by the Company.

COMMITTEE MEETINGS

The Audit Committee shall meet from time to time, as determined by the Chairman of the Committee but at least quarterly or at the request of management or at the request of the Company's senior most internal audit executive or the independent public accounting firm engaged by the Company to perform audit services on behalf of the Company (also referred to herein as the independent auditor). The Audit Committee shall keep regular minutes of its proceedings. For the transaction of any business at any meeting of the Audit Committee, a majority of the members shall constitute a quorum. For those items that do not require the entire Audit Committee, the Audit Committee may delegate to a person or subcommittee of fewer members to work on specific projects and review and approve items on behalf of the Audit Committee such as press releases, public statements and 8-K filings.

RESPONSIBILITIES

The Audit Committee shall have the authority and appropriate funding to retain special legal, accounting or other consultants to advise the Audit Committee as the Audit Committee determines to be appropriate to carry out its duties. The Audit Committee has the authority to conduct any investigation appropriate to fulfill its responsibilities, and may request any officer or employee of the Company or the Company's inside or outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee is also authorized to directly access all information and records of the Company. The Audit Committee may also meet with any of the Company's investment bankers or financial analysts who follow the Company.

The Audit Committee shall conduct an annual evaluation of its performance.

The Audit Committee shall make regular reports to the Board.

The Audit Committee shall have the following responsibilities:

Charter

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes in the Charter to the Board for approval.
2. Publish this Charter in accordance with applicable SEC and NASDAQ rules and regulations.

Financial Matters

1. Review the annual audited financial statements with management and the independent auditor, including major issues regarding accounting and auditing principles and practices and judgments, as well as the adequacy and effectiveness of accounting and financial internal controls that could significantly affect the Company's financial statements. Such review shall include a review of the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations.

2. Recommend to the Board of Directors whether the Company's annual audited financial statements and accompanying notes should be included in the Company's Annual Report on Form 10-K.
3. Review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative GAAP methods on the Company's financial statements and a description of any transaction as to which management obtained a Statement on Accounting Standards No. 50 letter.
4. Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as contingent liabilities and off-balance sheet structures, if any, on the Company's financial statements.
5. Prior to the filing of its Form 10-Q, review with management and the independent auditor the Company's quarterly financial statements, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, and the results of the independent auditors review of same.
6. Discuss periodically with Company management the Company's major financial risk exposure and the steps implemented to monitor and control same, including a discussion of the appropriateness of existing guidelines and procedures in place to govern the risk assessment and management process. To the extent the Audit Committee determines that changes to such guidelines or procedures appear appropriate, to recommend such changes.
7. Discuss and approve with management the types of information proposed to be disclosed in Company press releases, public statements, SEC filings, as well as the type of financial information and earnings guidance to be provided to analysts and ratings agencies.
8. To assist the Audit Committee in performing its duties to evaluate an independent auditing firms qualifications, performance and independence, on an annual basis to obtain and review a report by the independent auditing firm retained by the Company describing the following:
 - a. Such firms quality control procedures;
 - b. Any material issues raised by the most recent internal quality-control review, or peer review, of such firm or by any investigation by governmental or professional authorities within the preceding five years regarding one or more independent audits by such firm and any measures taken by such firm in respect of those issues; and
 - c. All relationships between the Company and such firm.
9. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
10. The Audit Committee shall have the sole authority to engage, oversee and evaluate the performance of and, when the Audit Committee determines it to be appropriate, to terminate the Company's independent auditors, to approve all audit engagement fees and terms and approve all significant non-audit engagements and fees, if any, with the independent auditors. The independent auditors shall report directly to the Audit Committee. The Audit Committee shall implement procedures to assure that the independent auditors engaged by the Company to audit the Company's financial statements do not provide any non-audit services prohibited by applicable law or the rules and regulations promulgated by the Public Company Accounting Oversight Board, the SEC or the NASDAQ.
11. Meet with the independent auditor prior to the audit to review the planning procedures and staffing of the audit.
12. Obtain from the independent auditor assurance that such firm and the Company have complied with the audit requirements of Section 10A of the 34 Act.

13. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, 90 and 100 relating to the conduct of the audit. Such discussions shall also include the independent auditors judgment about the quality of the Company's accounting principles, including such matters as the consistency of application of the Company's accounting policies, as well as the clarity and completeness of the Company's accounting information contained in the financial statements and related disclosures filed with the SEC.
14. Review the independence of the independent auditor, giving consideration to the range of audit and non-audit services performed by the independent auditor. In this connection, the Audit Committee is responsible for ensuring the independent auditor furnish, at least annually, a formal written statement delineating all relationships with the Company, consistent with Independence Standards Board Standard 1. To evaluate the independence of the independent auditor, the Audit Committee shall review the statement, conduct an active discussion with the independent auditor with respect to any disclosed relationships or services that may affect the objectivity and independence of the firm; consider the effect of non-audit services, if any, performed by the independent auditor; take any other appropriate action in response to the firms statement or other communications to satisfy itself of the independence of the firm; and if so determined by the Audit Committee, recommend that the Board take appropriate action to satisfy itself of the independence of such firm.
15. On an annual basis, present to the Board the conclusions of the Audit Committee relating to the continued qualifications, performance and independence of the independent auditor engaged by the Company and, if so determined by the Audit Committee, its conclusion that such firm should be replaced.
16. Review periodically (i) the experience, qualifications and performance of the senior members of the Company's internal auditing team and (ii) the internal audit activities, staffing and budget.
17. Assure the regular rotation of the lead audit partner of the independent auditing firm engaged by the Company as required by law (Section 10A of the 34 Act now mandates rotation of the lead or coordinating audit partner and the reviewing audit partner every five years).
18. As required by and in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and any rules and regulations that may be promulgated by the SEC thereunder, the Audit Committee shall assure that the independent auditor shall attest to, and report on, the assessment of the effectiveness of Company's internal control structure and procedure for financial reporting to be made as of the end of each of the Company's fiscal years included in each annual report of the Company in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and any rules or regulations promulgated by the SEC with respect thereto.
19. Review the significant reports to management prepared in connection with internal audits and management's responses.
20. Review with management and the independent auditor any correspondence with regulators or governmental agencies, or any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
21. Review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the Company's response to that letter. Such review should include:
 - a. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities, access to required information or significant disagreements with management.
 - b. Any changes required in the planned scope of the internal and external audits.
 - c. The internal audit responsibilities, budget and staffing.

22. Review with the independent auditor any issues, including matters of audit quality and consistency, on which the Company's audit team consulted the national office.
23. Review and resolve any disagreements between management and the independent auditor concerning financial reporting, or relating to any audit report or other audit review or attest services provided by the independent auditor.
24. Review and approve the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
25. Advise the Board with respect to the Company's policies and procedures regarding conflicts of interest and compliance with material laws and regulations.
26. Review with the Company's General Counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
27. Meet with the Company's Chief Executive Officer and Chief Financial Officer from time to time as appropriate to permit such officers to provide the attestations or certifications required by the rules and regulations of the SEC or NASDAQ.
28. Establish policies for approval by the Board regarding hiring employees or former employees of the independent auditors engaged by the Company.
29. Establish procedures (i) to handle complaints regarding the Company's accounting practices, internal controls or auditing matters and (ii) to permit the confidential, anonymous submission to the Audit Committee of concerns by employees regarding accounting or auditing matters. Executive Sessions.
30. Meet periodically, with management, internal auditing personnel and the independent auditor engaged by the Company in separate executive sessions.

COMMITTEE MEMBERS

C »» Joe D. Koshkin*

M »» Todd M. Cleveland*

M »» Elizabeth D. Leykum*

*C= Chair M = Member * = Independent Director*