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## **CORPORATE CHARTERS**

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**SUBJECT: ASTROTECH CORPORATION AUDIT COMMITTEE  
CHARTER**

**SUPERCEDES:**

N/A,

Rev. N/A

**DATE:** May 13, 2004

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### **I PURPOSE**

The primary function of the Audit Committee of the Board of Directors is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the Company's financial reporting, which shall include oversight of:

- (1) the integrity of the Company's financial statements;
- (2) the Company's compliance with legal and regulatory requirements;
- (3) the independent auditor's qualifications and independence; and
- (4) the performance of the Company's internal audit function and independent auditors.

The Committee's role is one of oversight. It is recognized that the Company's management is responsible for preparing the Company's financial statements and the independent auditors are responsible for auditing those financial statements.

### **II COMMITTEE COMPOSITION**

The Committee shall be comprised of three or more members of the Board of Directors. Each member of the Audit Committee shall meet the independence and experience requirements of the Nasdaq National Market, Section 10A(m)(3) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission. The Committee shall be elected by vote of the full Board at the regular meeting of the Board that falls closest to the date of the annual meeting of shareholders and shall serve at the pleasure of the Board. The Board shall appoint one member of the Committee to act as its Chair. The members of the Committee shall serve terms of one year, and shall be eligible for re-appointment.

### **III COMMITTEE MEETINGS**

The Committee will meet at least four times a year, with authority to convene additional meetings as circumstances require. The Committee will invite members of management and others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and the Committee will report to the Board the results of its meetings.

### **IV DUTIES AND RESPONSIBILITIES**

The following list of responsibilities is set forth as a guide to the Committee in fulfilling its purpose and may be modified from time to time as appropriate. The Committee:

- (1) Appoints, terminates if necessary, set the compensation for and oversee the performance of the independent auditors;
- (2) Requires the independent auditors annually to declare relationships and/or services which may impact on their objectivity and independence;
- (3) Reviews with management and the independent auditors the quality and adequacy of the Company's internal controls and internal auditing procedures, including (i) any



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- deficiencies in the design or operation of those controls which could adversely affect the Company's ability to record, process, summarize and report financial data, and any material weakness in internal controls; (ii) any alleged fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls; and (iii) determination of the Company's requirement for an internal audit function including the size, scope, and staffing of the internal audit function;
- (4) Reviews with management (i) how the Company's financial systems and controls compare with industry standards and practices, (ii) the quality and adequacy of the Company's internal controls and the adequacy of the procedures relating to quarterly certification of the Company's financial statements and internal controls and (iii) any material issues raised by the Company's most recent internal control review 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 Company, and any steps taken to deal with such issues;
- (5) At least annually or as otherwise required by applicable law (including, but not limited to, Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules promulgated by the Securities and Exchange Commission (or any successor provisions)), obtains and reviews (i) a statement of management's responsibilities for establishing and maintaining adequate internal controls and procedures for financial reporting, (ii) management's conclusions about the effectiveness of the Company's internal controls and procedures for financial reporting and (iii) as required under SEC regulations, a report by the Company's independent auditors attesting to management's evaluation;
- (6) Reviews with the independent auditors, in connection with the Company's annual audit and quarterly reviews:
- a. all critical accounting policies;
  - b. all alternative treatments of financial information within generally accepted accounting principles ("GAAP") for policies and practices related to material items that have been discussed with management officials of the Company, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - c. financial, regulatory, and accounting initiatives;
  - d. the effect of any off-balance sheet structures on the Company's financial statements;
  - e. any material transactions and relationships between the Company and any insider or affiliate; and
  - f. other material written communications between the independent auditors and management, including management letters and any schedule of unadjusted differences.



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- (7) Reviews with management the results of independent audits, including the scope, plan and results of any audits completed by the independent auditors;
- (8) Meets with the management, independent auditors, the party responsible for the Company's internal audit function and counsel in separate executive sessions to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately, including (i) any legal or regulatory matters that may have a material impact on the Company's financial statements and (ii) any disagreements between management and the independent auditors regarding financial reporting;
- (9) Obtains advice and assistance from legal, accounting or other advisors at the Company's expense, whenever the Committee considers such action appropriate;
- (10) Reviews with the Board of Directors the performance of the independent auditors,
- (11) Pre-approves audit and non-audit services to be provided by the Company's independent auditors, it being understood that the Committee may delegate pre-approval authority with respect to non-audit services to one or more of its members so long as the decisions made by such member or members are presented to the Committee at its next meeting;
- (12) Reviews with the Board of Directors any issues arising with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements relating to financial disclosure, the performance of the Company's internal audit function or the performance and independence of the Company's independent auditors;
- (13) Reviews with management and the independent auditors the Company's audited financial statements and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the prior fiscal year as well as any related proposed earnings releases and recommends to the Board of Directors whether such financial statements should be included in the Company's Annual Report on Form 10-K;
- (14) Reviews with management and the independent auditors the Company's quarterly financial statements and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's quarterly report on Form 10-Q as well as any related proposed earnings releases;
- (15) Discusses with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 entitled "Communication With Audit Committees;"
- (16) Reviews and approves any transaction between the Company and any insider or affiliate which is required to be disclosed in the Company's proxy statement for its annual meeting of stockholders;



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- (17) Reviews with management and approves the Company's codes or policies prescribing ethical conduct;
- (18) Reviews with management the Company's policies with respect to risk assessment and risk management, including the Company's major financial and risk exposure and the policies and controls in place to monitor such exposure;
- (19) Establishes procedures for the receipt, review, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (20) Prepares annually a report to stockholders, as required by the Securities and Exchange Commission, which will be included in the Company's annual proxy statement;
- (21) Reviews and reassesses on an annual basis the performance of the Audit Committee and the adequacy of this Charter and reports the results thereof to the Board of Directors; and
- (22) Performs any other activities consistent with the Company's charter, by-laws and applicable laws and regulations as the Board of Directors deems necessary or appropriate.

**V AUTHORITY TO RETAIN CONSULTANTS**

The Committee shall have the authority to retain special compensation, legal, accounting or other consultants to advise it. The Committee may request any officer or employee of the Company or any outside counsel or consultants to meet with any members of the Committee.

**VI RESTRICTIONS ON COMPENSATION**

No Committee member may accept any consulting, advisory or other compensatory fee from the Company or its subsidiaries, other than compensation relating to such member's service on the Audit Committee or the Board of Directors or any other committee thereof.