

**Micronetics, Inc.**  
**Audit Committee Charter**

**As Approved by the Board of Directors on July 13, 2007**

**Purpose:**

The purpose of the Audit Committee established pursuant to this Charter is to perform general oversight of the accounting and financial reporting processes of Micronetics, Inc. and its subsidiaries (the “Company”) and the audits of the financial statements of the Company. The Audit Committee shall assist the Board of Directors of the Company in fulfilling its oversight responsibilities relating to (a) the quality and integrity of the Company’s financial information provided to shareholders and others, (b) the Company’s internal control systems and disclosure controls established by management and the Board, (c) the audit process and (d) the qualifications, independence and performance of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (“independent auditors”).

In addition, the Committee shall have the authority to undertake the specific duties and responsibilities listed below and the authority to undertake such other specific duties as the Board of Directors from time to time may prescribe or as the Audit Committee may determine are appropriate.

**Membership:**

The Audit Committee of the Board of Directors shall consist of at least three (3) members of the Board of Directors. The members of the Audit Committee shall be appointed by, and serve at the discretion of, the Board of Directors. Each member of the Committee shall meet the independence, financial literacy and other requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the listing standards of The Nasdaq Stock Market, Inc. (“Nasdaq”) and related rules and regulations. At least one member of the Committee shall qualify as an audit committee financial expert within the meaning of the Exchange Act and the rules and regulations adopted thereunder.

**Responsibility With Respect to Independent Auditors:**

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the Company’s independent auditors. The independent auditors shall report directly to the Audit Committee. The Audit Committee shall have the authority and responsibility to select, evaluate, approve the compensation of and, where appropriate, replace the independent auditors.

### **Additional Specific Responsibilities:**

In addition to, and in furtherance of, the foregoing responsibilities, the Committee shall:

- Review the adequacy of the Company's system of internal controls, policies and procedures;
- Ensure the Audit Committee's receipt from the independent auditors of a formal written statement delineating all relationships between the auditors and the Company, consistent with Independence Standards Board Standard 1, actively engage in a dialogue with the auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and take, or recommend that the Board take, other appropriate action, as determined by the Committee, to oversee the independence of the independent auditors;
- Review with the independent auditors the following:
  - a) The auditors' proposed audit scope and approach and the areas of audit emphasis;
  - b) The Company's annual audited financial statements and quarterly financial statements, including reviewing the results of any audit or review of those financial statements and conducting a post-audit review of the audit findings (including any significant suggestions for improvements provided to management by the independent auditors), the Company's financial statements and disclosures and the required communications from the independent auditors under generally accepted auditing standards and any applicable Securities and Exchange Commission ("SEC") regulations;
  - c) The Company's Annual Reports on Form 10-K or Form 10-KSB, Quarterly Reports on Form 10-Q or Form 10-QSB, and the disclosures in management's discussion and analysis of the Company's financial condition and results of operations therein; quarterly and annual earnings press releases;
  - d) The independent auditors' comments, reports or attestations on the adequacy of the Company's internal controls and significant findings and recommendations or issues resulting from the audit or review thereof and management's response;
  - e) Any other matters related to the conduct of the audit that are required to be communicated to the Audit Committee under generally accepted auditing standards;
  - f) Accounting considerations arising from changes in generally accepted accounting principles ("GAAP"), matters related to changes in accounting principles and financial statement presentation or the Company's operations;

- g) The performance and qualifications of the Company's financial personnel;
  - h) All critical accounting policies and practices to be used by the Company; all alternative treatments of financial information within GAAP that have been discussed by the independent auditors with management, ramifications of the use of such alternative treatments and the treatment preferred by the independent auditors; other material written communications between the independent auditors and the Company's management, such as any management letter or schedule of unadjusted differences; and any analyses of the independent auditors' judgment as to the quality of the Company's accounting principles, including significant reporting issues and judgments made in connection with the preparation of the financial statements; and
  - (i) The independent auditors' judgments as to the quality, not just the acceptability, of the Company's accounting principles and such matters as are required to be discussed with the Committee under generally accepted auditing standards.
- Recommend to the Board whether the Company's annual financial statements should be included in the Annual Report on Form 10-K or Form 10-KSB;
  - Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee may retain independent counsel, accountants or others to assist in the conduct of any such investigation;
  - Establish and implement policies and procedures for pre-approval of all services provided by the Company's independent auditors, including both audit and permissible non-audit services, and disclose all non-audit services authorized by the Audit Committee as required by applicable regulations;
  - Obtain at least annually and review a report by the independent auditors describing the independent auditors' internal quality control procedures, any material issues raised by the most recent internal quality review or peer review of the independent auditors or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits conducted by the independent auditors and any steps taken by the independent auditors to deal with any such issues;
  - Review all "related party" transactions (as such term is defined in the Nasdaq listing requirements) for potential conflict of interest situations and, if appropriate, provide approval of such transactions;
  - Prepare the Audit Committee Report to be included in the Company's Proxy Statement;

- Provide a forum for the independent auditors to meet in closed session with the Committee;
- Review with senior management and the independent auditors the Company's accounting and financial personnel resources;
- Review, and oversee the resolution of, any dispute between management and the independent auditors and, if appropriate, make recommendations with respect thereto to the Board;
- Establish procedures for receipt, retention and treatment of complaints about accounting, internal control or auditing matters, including procedures for the confidential, anonymous submission of employee concerns about questionable accounting, material control or auditing matters; discuss and evaluate any complaints or concerns received, and authorize such responses and follow-up actions, if any, as it deems necessary and appropriate;
- Provide oversight and review of the Company's asset management policies;
- Discuss with management the Company's policies and procedures for assessing and monitoring business risk;
- Review the Company's Code of Conduct;
- Discuss with management and Company's lawyer, if it so desires, any significant legal, compliance or regulatory matters that may have a material impact on the Company's business, financial statements or compliance policies; and
- Perform such other duties as the Board of Directors may delegate to it, or as the Audit Committee may deem necessary or advisable in order to perform its responsibilities under this Charter or rules and regulations applicable to the Company's Audit Committee.

### **Meetings:**

The Audit Committee will meet at least four times each year. The Audit Committee may establish its own schedule. Each meeting shall include an executive session at which no member of management of the Company is present.

The Audit Committee shall meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company. The Audit Committee shall meet with the independent auditors of the Company, at such times as it deems appropriate.

The Audit Committee is authorized, by majority vote or unanimous written consent of its members, to adopt its own rules of procedure, including the formalities of calling, noticing and holding meetings and for the taking of action of the Audit

Committee by vote at any such meeting or by unanimous written consent of the members thereof. Unless and until any such procedures are formally adopted by the Audit Committee, the procedures with respect to calling, noticing and holding meetings of the Audit Committee and conducting business of the Audit Committee shall be the same as those provided in the By-laws of the Company with respect to calling, noticing and holding meetings of and taking action by the Board.

**Reports:**

The Audit Committee shall report regularly to the Board on Committee findings and recommendations and any other matters the Committee deems appropriate or the Board requests. The Audit Committee's reports and recommendations shall be incorporated as a part of the minutes of the Board meeting at which those recommendations are presented.

**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.

**Other:**

The Audit Committee, in its sole discretion, shall have the authority, as and when it shall determine to be necessary or appropriate to the functions of the Audit Committee:

- At the Company's expense and not at the expense of the members thereof, to retain independent counsel (which may be, but need not be, the regular corporate counsel to the Company) and other advisors to assist it in connection with its functions;
- At the Company's expense and not at the expense of the members thereof, to incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties; and
- To request, and to rely upon, advice, orally or in writing, from the Chief Executive Officer and the Chief Financial Officer of the Company and from any representative of the independent auditors to the Company participating in such independent auditors' engagement by the Company, concerning aspects of the operation or financial condition of the Company relevant to the functions of the Audit Committee.

**Limitation of Audit Committee Responsibility:**

In adopting this Charter, the Board acknowledges that it is not the responsibility of the Audit Committee to prepare the Company's financial statements, plan or conduct audits of those financial statements, or determine whether those financial statements are complete and accurate and conform to GAAP and applicable rules and regulations. These tasks are the responsibility of management and the Company's independent auditors.

**Delegation:**

To the extent consistent with law and the listing standards of Nasdaq, the Audit Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Audit Committee.

**Annual Reviews:**

The Audit Committee will review and reassess the adequacy of this Charter on at least an annual basis and will report to the Board the results of such review and reassessment. At least annually, the Audit Committee will conduct an evaluation of its performance to determine whether it is functioning effectively.