

**Uni-Pixel, Inc.**  
**AUDIT COMMITTEE**  
**CHARTER**

**STATUS**

This charter governs the operations of the Audit Committee (“Committee”) of the Board of Directors (the “Board”) of Uni-Pixel, Inc. (the “Company”). The Committee shall review and reassess its charter at least annually and obtain the approval of the Board of any proposed changes in compliance with applicable rules and requirements of NASDAQ, the Securities and Exchange Commission (the “SEC”), and any other applicable body (collectively, the “Applicable Rules”).

The Committee shall meet at least four (4) times per year and at such other times as necessary to fulfill its responsibilities. A majority of the total number of member of the Committee shall constitute a quorum for the transaction of business. The approval of an act by a majority of the members present at a meeting at which a quorum is present shall constitute the approval of an act by the Committee. The Committee may also act by unanimous written consent without a meeting.

**MEMBERSHIP**

The Committee shall consist of at least three directors each of whom shall be “independent” as defined in the NASDAQ listing standards in accordance with the regulations of the Securities and Exchange Commission. In addition, all members must qualify as a “Non-employee Director” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, and an “outside director” for purposes of Section 162(m) of the Internal Revenue Code. Additionally, at least one member of the Committee will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee may be designated annually by the Board as an “audit committee financial expert,” as the SEC defines that term and as the Board interprets such qualification in its business judgment, consistent with such definition.

Should any member of the Committee cease to satisfy the independence requirement set forth in this paragraph, or should any member cease to be a member of the Board, such member shall immediately resign his or her membership on the Committee without any request, notice or other action by the Board or any other person or party.

The members of the Committee shall be designated by the Board and shall serve until their successors have been qualified and elected, or until their earlier resignation or removal from the Committee or the Board. Unless a Chair is designated by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Board may remove a member of the Committee at any time with or without cause.

**PURPOSE**

The purpose of the Committee is to:

- oversee management’s preparation of the Company’s financial statements and management’s conduct of the accounting and financial reporting processes;
- oversee management’s maintenance of internal controls and procedures for financial reporting;
- oversee the Company’s compliance with applicable legal and regulatory requirements, including without limitation, those requirements relating to financial controls and reporting;
- oversee the independent auditor’s qualifications and independence;

- oversee the performance of the independent auditors, including the annual independent audit of the Company's financial statements;
- prepare the report required by the rules of the SEC to be included in the Company's proxy statement; and
- discharge such duties and responsibilities as may be required of the Committee by the provisions of applicable law or rule or regulation of NASDAQ and the Sarbanes-Oxley Act of 2002.

In carrying out its purposes, there shall be free and open communication between the Committee, independent auditors, and management of the Company.

## RESPONSIBILITIES AND PROCESSES

The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The following shall be the principal responsibilities and recurring processes of the Committee in carrying out its oversight responsibilities. These responsibilities and processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate. The Chair of the Committee may represent the entire Committee with respect to functions of the Committee undertaken between meetings and any of the Committee's functions may be delegated to a subcommittee comprised of one or more members of the Committee.

- *Relationship with Independent Auditors* – The independent auditors shall report directly and are ultimately accountable to the Committee in its capacity as a committee of the Board. The Committee shall have sole authority and responsibility to appoint, compensate, oversee, evaluate and, where appropriate, replace the independent auditors. The Committee shall discuss with the auditors their independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board.
- Annually, the Committee shall review and recommend for stockholder ratification the selection of the Company's independent auditors.
- The Committee shall pre-approve all audit and permitted non-audit services provided by the independent auditors.
- The Committee periodically shall meet separately with management and with the Company's independent auditors.
- Annually, the Committee shall obtain from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company consistent with Independence Standards Board Standard 1, discuss with the independent auditors any such disclosed relationships and their impact on the independent auditors' independence, and take or recommend that the Board take appropriate action regarding the independence of the independent auditors.
- *Periodic Reviews* – Prior to the filing of the Company's Quarterly Reports on Form 10-Q, the Committee shall review with management and the independent auditors the interim financial statements and other information to be included in the Form 10-Q, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"). Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- *Annual Reviews* – The Committee shall review with management and the independent auditors the financial statements and other financial information, including the Company's disclosure under MD&A, to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of the Form 10-K). Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. Based on the review and discussions described above, the Committee shall recommend to the Board of Directors whether the financial statements should be included in the Annual Report on Form 10-K. The Committee shall prepare the Audit Committee report to be included in the Company's proxy statements when and as required by the Applicable Rules.

- The Committee shall establish and maintain procedures for (i) receiving, retaining and addressing complaints regarding the Company's accounting, internal controls or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, in accordance with the Applicable Rules.

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements and for maintaining internal controls and procedures for financial reporting, and the independent auditors are responsible for auditing those financial statements.

In performing their duties and responsibilities, each member of the Committee is entitled to rely in good faith upon the records of the Company and upon information, opinions, reports or statements presented by any of the Company's officers or employees, or other committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

The specificity of the above duties and responsibilities is set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate, given the circumstances, provided that the Committee fulfills its duties and responsibilities under applicable laws, regulations and listing standards, and such other duties and responsibilities as may be specifically designated in the charter, bylaws and by the Board.

## **REPORT**

The Committee shall report to the Board on the Committee's activities as appropriate and maintain minutes or other records of Committee meetings and activities.

## **AUTHORITY**

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company. In performing their duties and responsibilities, each member of the Committee is entitled to rely in good faith upon the records of the Company and upon information, opinions, reports or statements presented by any of the Company's officers or employees, or other committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. The Committee shall also have the authority to engage such outside advisers, including outside auditors, attorneys and consultants, as it deems necessary or appropriate to carry out its duties. The Chair of the Committee may represent the entire Committee with respect to functions of the Committee undertaken between meetings and any of the Committee's functions may be delegated to a subcommittee comprised of one or more members of the Committee.