

EDAC TECHNOLOGIES CORPORATION

AUDIT COMMITTEE CHARTER

(As amended on March 8, 2004)

MISSION AND PURPOSE

The Audit Committee (“the Committee”) is appointed by the Board of Directors (“the Board”) of EDAC Technologies Corporation (the “Company”) to assist the Board in monitoring: (1) the integrity of the Company’s financial statements; (2) the compliance by the Company with legal and regulatory requirements; and (3) the performance and independence of the Company’s external auditors.

GENERAL GUIDELINES

Responsibilities

The Committee shall be responsible for overseeing: the accounting and financial reporting process, the system of internal controls, the audits of the Company’s financial statements and the audit process, and the independent public accountants. Management of the company is responsible for the preparation of financial statements, and ensuring that the statements are complete, accurate and prepared in accordance with generally accepted accounting principles. Management is also responsible for ensuring compliance with laws and regulations. The independent public accountants are responsible for planning and conducting audits in accordance with generally accepted auditing standards.

In carrying out its responsibilities, the Committee will maintain and facilitate free and open communication between directors, the independent public accountants and the management of the Company.

Size and Composition

The Committee shall consist of no fewer than three directors, each of whom shall meet the requirements of applicable Nasdaq rules (including Rules 4200(a)(15) and 4350(d)) and Section 301 of the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission (“SEC”) rules promulgated thereunder (including Exchange Act Rule 10A-3). Accordingly, all members of the Committee will be independent directors (as independence is defined under Nasdaq Rule 4350(d)(2)(A) and under Exchange Act Rule 10A-3(b)(1)); all members of the Committee will be able to read and understand fundamental financial statements (including balance sheets, income statements and cash flow statements); no member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years; at least one member of the Committee will meet the financial sophistication requirements set forth in Nasdaq Rule 4350(d)(2)(A); and at least one member of the Committee shall be an “audit committee financial expert” as that term is defined in Item 410(h) of SEC Regulation S-K. The Board shall appoint the Committee’s Chairperson and members annually or until successors shall be qualified and elected.

Charter

The Committee shall maintain a written charter that is approved by the Board. The Committee shall review and reassess the adequacy of the charter at least annually.

Oversight by the Board of Directors

The Board will approve the Committee’s charter and revisions, and will determine annually that the Committee’s members meet the independence and experience requirements of Nasdaq and the SEC. The Committee acts on the Board’s behalf in the matters outlined in this charter and is hereby given all the resources and authority necessary to properly discharge its duties and responsibilities.

The Committee will report its activities to the full Board on a regular basis so the Board is kept informed of its activities on a current basis.

Meetings

The Committee will meet at least four times per year, or more frequently as circumstances dictate. The Committee will review quarterly reports of earnings prior to the release of earnings to the public and the filing of the SEC Forms 10-K and 10-Q. The Committee shall meet when necessary but at least once a year with the Chief Financial Officer and the independent public accountants in private meetings.

Participation of External Auditors and Other Advisors. The Committee will engage the Company's independent public accountants in discussions required by their professional standards and other relevant regulatory requirements prior to the filing of forms 10K and 10Q. The Committee shall have the authority to retain special independent legal, accounting or other consultants and advisers to advise the Committee as it determines necessary to carry out its duties, and the Company shall provide the Committee with appropriate funding (as the Committee shall determine) for payment of (i) compensation to 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, (ii) compensation to any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may request any officer or employee of the Company or the Company's outside counsel (in addition to the independent public accountants) to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

External Auditors

Appointment and Termination. The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent public accountants or any other registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm shall report directly to the Committee. The Committee shall evaluate the performance of the independent public accountants and, if so determined by the Committee, replace the independent public accountants.

Approval of Audit and Non-Audit Services. The Committee will approve in advance, the retention of the independent public accounting firm for all audit services, as well as any non-audit service that such firm is not prohibited from performing for the Company and approve the fees for any such services.

Independence. The Committee will ensure that the independent public accountants provide periodic written reports to the Committee setting forth all relationships between the independent public accountants and the Company, consistent with the Independence Standards Board Standard No. 1. The Committee will actively engage in a dialogue with the independent public accountants with respect to any disclosed relationships or services which may impact the objectivity and independence of the independent public accountants. The Committee will take, or recommend that the full Board take, appropriate action to oversee the independence of the independent public accountants.

Review. The Committee will review with the independent public accountants and, if it deems it appropriate, management:

- Prior to the annual audit, the scope, approach, planning and staffing;
- Significant accounting policies;
- Changes to the Company's auditing and accounting principles and practices as suggested by the independent public accountants or management;
- Audit conclusions regarding significant accounting estimates and reserves;
- Proposed fee arrangements for ongoing and special projects;
- Assessments of the adequacy of internal controls and disclosure controls and procedures;
- The resolution of identified material weakness and reportable conditions in internal controls and disclosure controls and procedures (including the prevention or detection of management override or compromise of the internal control system);
- The Company's compliance with laws and regulations having to do with accounting and financial matters;
- Any problems or difficulties the independent public accountants may have encountered and any Management Letter comments provided by the independent public accountants and management's responses thereto;
- Reports from the independent public accountants regarding (a) critical accounting policies used by the Company in its financial statements; (b) all alternative treatments of financial information within generally accepted accounting principles that the independent public accountants have discussed with management,

ramifications of the use of such alternative treatments and the treatment preferred by the independent public accountants; and (c) other material written communications between the independent public accountants and management; and

- The matters described under "Financial Statements" below.

The independent public accountants shall provide assurance to the Committee that their audit was conducted in accordance with generally accepted auditing standards including provisions contained in Section 10A of the Securities Exchange Act of 1934.

The Committee should consider whether the independent public accountants should meet with the full Board to discuss any matters relative to the financial statements and /or potentially relevant matters, and to answer questions from other directors.

Financial Statements

Year-End Financial Statements. The Committee will review with management and the independent public accountants the Company's interim and year-end financial statements, including management's discussion and analysis and audit findings (including any significant suggestions for improvements provided to management by the independent public accountants). Such review will include a discussion of significant adjustments recorded and other matters required to be discussed by Statement on Auditing Standards No.61 relating to the conduct of the audit. Following such review, the Committee will recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 10-K.

Quarterly Financial Statement. The Committee will review with management and the independent public accountants the Company's quarterly financial statements prior to the filing of its Form 10-Q. The Committee will engage in discussions with the independent public accountants with respect to the impact of significant events, transactions and changes in accounting estimates considered by the independent public accountants in performing the quarterly review.

Quality of Financial Reporting. The members of the Committee will discuss among themselves and with management and the independent public accountants, the quality (not just the acceptability) of the Company's accounting principles and underlying estimates in the financial statements.

Briefings. The Committee will request from financial management and the independent public accountants, a briefing on any significant accounting and reporting issues, including any changes in accounting standards or rules promulgated by the Financial Accounting Standards Board ("FASB"), the Securities and Exchange Commission ("SEC") or other regulatory bodies, that have an effect on the financial statements.

Inquiries. The Committee will inquire:

- About the existence and substance of any significant accounting accruals, reserves, or estimates made by management that had a material impact on the financial statements: and
- Of management and the independent public accountants if there were any significant financial accounting or reporting issues and /or disagreements discussed during the accounting period and, if so, how they were resolved.

Legal Matters

The Committee will discuss and review with management, company counsel, and the independent public accountants the substance of any significant issues raised by counsel concerning litigation, contingencies or claims, the Company's compliance policies and any material reports or inquiries received from regulators or government agencies. The Committee should understand how such matters are reflected in the Company's financial statements.

The Committee will discuss and review with management and advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations.

Other

Investigations. The Committee will initiate the investigation of any matter brought to its attention within the scope of its duties, with the power and funding to retain outside counsel and other advisers.

Proxy Statement Report. The Committee will prepare a report for inclusion in the Company's proxy statement for its annual meeting of stockholders describing the activities in which it has engaged during the prior year pursuant to its charter. The report will address all issues required by the rules of the SEC.

Financial Risk Exposures. The Committee will meet periodically with management to review the Company's major financial risk exposures and steps management has taken to monitor and control such exposures.

Internal Audit. The Committee will discuss the scope and staffing of an internal audit function and if an internal audit function is formed, the Committee will review the plans and findings of the internal audits and will meet in executive sessions with the head of Internal Auditing.

Related Party Transactions. The Committee will be responsible for reviewing related party transactions for potential conflicts of interest and approving related party transactions.

Complaints. The Committee will establish procedures for the receipt, 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 or its subsidiaries of concerns regarding questionable accounting or auditing matters.

Officer Expense Accounts. The Committee will direct that an annual report of senior officer expense reports and perquisites be performed and reported to the Committee.