

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

The Audit Committee of Endologix, Inc. (the “Company”) has been formed to:

- (1) Assist the Board in fulfilling its responsibilities relating to the oversight of:
  - (a) the integrity of the financial statements of the Company,
  - (b) the independent auditor’s qualifications and independence,
  - (c) the performance of the Company’s independent auditors, and
  - (d) the compliance by the Company with legal and regulatory requirements;
- (2) Prepare the audit committee report that the rules of the Securities and Exchange Commission (the “Commission”) require to be included in the Company's annual proxy statement; and
- (3) To provide such other assistance that the Board, from time to time, requests.

### **Committee Membership**

The Audit Committee shall consist of no fewer than three members. The members of the Audit Committee shall meet the independence and experience requirements of the Nasdaq Listing Rules (during such time as the Company’s common stock is quoted on the Nasdaq Stock Market), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”), and the rules and regulations of the Commission. At least one member of the Audit Committee shall be a financial expert as defined by the Commission. Generally, no member of the Committee may serve simultaneously on the audit committees of more than three public companies without a specific Board determination that such simultaneous service will not impair the ability of such Committee member to serve on the Committee.

The members of the Audit Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. Audit Committee members may be replaced by the Board.

### **Meetings**

The Audit Committee shall meet as often as it determines it is necessary to meet, but not less frequently than quarterly. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee shall meet periodically with the Corporation’s Chief Financial Officer, Controller, and independent auditor in separate executive sessions. The Audit Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor attend a meeting of the Committee or meet with any members of, or consultants to, the Committee.

### **Committee Authority and Responsibilities**

The Audit Committee shall undertake the duties and have the authority described below. For those duties for which a time period or frequency is not prescribed, the duty shall be undertaken when, and as frequently as, the Audit Committee deems appropriate.

A. Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis of financial condition and results of operations, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.
2. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
3. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting.
4. Discuss with management any major issues as to the adequacy of the Company's disclosure controls and procedures and internal control over financial reporting and any special steps adopted in light of material control deficiencies. Discuss with external auditors any significant matters regarding internal control over financial reporting that have come to their attention during the conduct of the audit.
5. Review and discuss with the Company's independent auditor and management, at least annually, reports from the independent auditor on:
  - (a) All critical accounting policies and practices used by the Company and those which the Company intends to use.
  - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
  - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
6. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. The chair of the Committee may represent the entire Committee for purposes of this review. The discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
7. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

8. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
9. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
10. Review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
11. Review management's report on internal control over financial reporting and the independent auditors' attestation and report on management's internal control over financial reporting to be included in the Company's Annual Report on Form 10-K prior to its filing with the Commission.

B. Oversight of the Company's Relationship with and the Qualifications of the Independent Auditor

1. The Audit Committee shall have the sole authority to appoint or replace the independent auditor.
2. The independent auditor shall report directly to the Audit Committee.
3. Oversee the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
4. Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the *de minimus* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Audit Committee prior to the completion of the audit. (The Audit Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.)
5. Review and evaluate the lead partner of the independent auditor team.
6. At least annually, obtain and review a formal written report from the independent auditor regarding: (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any publicly available inspection by the Public Company Accounting Oversight Board ("PCAOB") and (c) any steps taken to deal with any such issues.

7. Prior to the engagement of any prospective independent auditor, and at least annually, obtain and review a formal written report from the independent auditor describing all relationships between the independent auditor, or its affiliates, and the Company, or persons in financial oversight roles at the Company, consistent with Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence*, of the PCAOB. Review and discuss with the independent auditor its independent from the Company and actively engage the independent auditor in a dialogue with respect to any disclosed relationship or services that may impact its objectivity and independence.
8. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management.
9. Ensure the rotation, required by law, of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit.
10. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company. Discuss with the Company's audit team significant consultations relating to the Company made with the external auditor's national office, and as appropriate discuss with the national office the issues on which they were consulted by the audit team.
11. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

C. Compliance Oversight Responsibilities

1. Obtain from the independent auditor assurance that all communications required by Section 10A(b) of the Exchange Act have been made.
2. Obtain reports from management that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Ethics for the CEO and senior financial officers.
3. Obtain reports from the Company's Compliance Officer regarding conformity of the Company's operations with the Company's Comprehensive Compliance Program and Code of Ethics for Interactions with Health Care Professionals, including applicable state laws.
4. Confirm with the independent auditors that nothing has come to their attention during the course of their work with the Company that the Company may not be in compliance with applicable legal requirements.
5. Review reports and disclosures of insider and affiliated party transactions.
6. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics for the CEO and senior financial officers and with the Comprehensive Compliance

Program and Code of Ethics for Interactions with Health Care Professionals. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing or compliance matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, auditing or compliance matters.

7. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
8. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
9. Perform any other activities consistent with this Charter as the Committee or the Board deems necessary or appropriate.

D. Engagement of Advisors

The Audit Committee shall have the authority, when it deems it necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

E. Investment Portfolio Management Oversight

1. Review and reassess at least annually the Company's investment policy, which shall set forth the Company's investment objectives, the criteria for the composition of the Company's investment portfolio, performance standards, and other policies relating to the Company's investment activities, including transaction authority, documentation and safekeeping, and monitoring and reporting requirements and procedures, and approve changes to the investment policy as deemed appropriate.
2. Oversee the management of the Company's investment portfolio and compliance by the portfolio managers with the Company's investment policy.
3. Evaluate the performance of the Company's outside portfolio managers and approve the addition or removal of portfolio managers.

F. Committee Reports and Assessments

1. Prepare the report required by the rules of the Commission to be included in the Company's annual proxy statement.
2. Make regular reports of the Audit Committee's activities to the Board.
3. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
4. Review the performance of the Audit Committee.
5. Annually assess the independence and financial literacy of the audit committee members.

6. Maintain minutes of the Audit Committee's meetings.

**Limitation of Audit Committee's Role**

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 or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and/or the independent auditor.

## AUDIT COMMITTEE TIMETABLE<sup>1</sup>

	Scheduled Meetings			
	March	May	August	October
<b>Audit Committee Meetings</b>				
1. Establish number of meetings	x			
2. Audit Committee Chairperson to establish meeting agenda	x	x	x	x
3. Executive session with auditors, management and committee	x	x	x	x
4. Maintain minutes	x	x	x	x
<b>Committee Authority and Responsibilities</b>				
<b>A. Financial Statement and Disclosure Matters</b>				
1. Review and discuss with management and the independent auditor the Company's quarterly financial statements	x	x	x	x
2. Review and discuss with management and the independent auditor the annual audited financial statements				x
3. Discuss with management and the independent auditor significant financial reporting issues and judgments	x	x	x	x
4. Review and discuss reports from the independent auditors on:				
a. All critical accounting policies and practices to be used				x
b. All alternative treatments of financial information within generally accepted accounting principles				x
c. Other material written communications between the independent auditor and management				x
5. Discuss with management the Company's earnings press releases	x	x	x	x
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives				x
7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures				x
8. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit				x
9. Review disclosures made to the Audit Committee	x	x	x	x
<b>B. Oversight of the Company's Relationship with and Qualifications of the Independent Auditor</b>				
1. Approve all auditing services and permitted non-audit services	as needed			
2. Review and evaluate the lead partner of the independent auditor team			x	

<sup>1</sup> All items may be reviewed more frequently than scheduled if needed.

	<b>Scheduled Meetings</b>			
	<b>March</b>	<b>May</b>	<b>August</b>	<b>October</b>
3. Obtain and review a report from the independent auditor at least annually regarding the independent auditor's internal quality-control procedures and all relationships between the independent auditor and the Company	x			
4. Evaluate the qualifications, performance and independence of the independent auditor	x			
5. Ensure the rotation of the lead (or coordinating) audit partner			x	
6. Review policy for the hiring of employees of independent auditor	x			
7. As appropriate, discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team			x	
8. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit			x	
<b>C. Compliance Oversight Responsibilities</b>				
1. Obtain from the independent auditor assurance that all communications required by Section 10A(b) of the Exchange Act have been made			x	
2. Obtain report from management and regarding conformity with applicable legal requirements the Company's Code of Business Conduct and Ethics and Comprehensive Compliance Program and Code of Ethics for Interactions with Health Care Professionals and confirm with external auditors that nothing has come to their attention to lead them to believe that the Company may not be in compliance with applicable legal requirements			x	
3. Review reports and disclosures of insider and affiliated party transactions	x	x	x	x
4. Advise the Board with respect to the Company's policies and procedures	as needed			
5. Review complaints received regarding the Company's accounting, internal accounting controls or auditing matters	as needed			
6. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies	as needed			
7. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements	x	x	x	x
8. Perform other activities requested by Board	as needed			
<b>D. Engagement of Advisors</b>				
Engage independent legal, accounting or other advisors	as needed			

	<b>Scheduled Meetings</b>			
	<b>March</b>	<b>May</b>	<b>August</b>	<b>October</b>
<b>E. Committee Reports and Assessment</b>				
1. Prepare report of the Audit Committee to be included in proxy statement				X
2. Make reports to the Board on the Committee's activities	X	X	X	X
3. Review and reassess the adequacy of the Charter	X			
4. Assess performance of the Committee	X			
5. Assess independence and financial literacy of audit committee	X			
6. Maintain minutes of meetings	X	X	X	X