



LoJack Corporation

Audit Committee Charter

(Amended and Restated as of December 11, 2008)

Purpose and Powers

The primary purpose of the LoJack Corporation (the "Company") Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its responsibility to oversee management's conduct and the integrity of the Company's accounting and financial reporting process, the system of internal control over financial reporting, the audits of the financial statements of the Company, and the Company's processes for monitoring compliance with laws and regulations and its Code of Business Conduct and Ethics.

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. It shall:

- appoint, compensate, retain and oversee the work of any registered public accounting firm engaged by the Company for the purpose of issuing an audit report or performing other audit, review or attest services for the Company;
- resolve any disagreements between management and the external auditor regarding financial reporting;
- pre-approve all auditing and non-audit services as outlined in the Committee's Policy Regarding the Approval of Audit and Non-Audit Services Provided by the Independent Auditor;
- retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation as it determines is necessary to carry out its duties;
- seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties; and
- meet with Company officers, external auditors, internal auditors or outside counsel, as necessary.

The external auditor is ultimately accountable to the Board and the Committee, as representatives of the stockholders and shall report directly to the Committee. The external auditor will timely report to the Committee:

- all critical accounting policies, practices and disclosures to be used by the Company;
- all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
- other material written communications between the external auditor and management of the Company, such as any management letter or schedule of unadjusted differences.

The Committee shall be responsible for overseeing the independence of the external auditors. No audit partner of the external auditor may be the lead (or coordinating) audit partner having primary responsibility for the audit (the concurring audit partner), or the audit partner responsible for reviewing the audit, for more than five consecutive years. Such audit partner may not perform for the Company the services of a lead partner or concurring partner, or a combination of both within the five consecutive year period following the maximum period.

Additionally, no other audit partner who provides more than 10 hours of audit, review or attest services in connection with any audit or review related to the annual or interim consolidated financial statements of the Company or who services as the lead partner in connection with any audit or review related to the annual or interim financial statements of a subsidiary of the Company whose assets or revenues constitute 20% or more of the assets or revenues of the Company's respective consolidated assets or revenues may perform such services for more than 7 consecutive years. Such audit partner may not perform such services or the services of a lead or concurring partner within the 2 consecutive year period following the maximum period.

Membership

The Committee shall be comprised of not less than three members of the Board, selected annually by the Board, who meet the applicable independence, experience and other requirements promulgated by the NASDAQ Stock Market and the Securities and Exchange Commission (the "SEC").

Without limiting the generality of the foregoing, all of the members will be directors:

1. who have no relationship to the Company that may interfere with the exercise of their independence from management and the Company;
2. who have not 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; and
3. who are able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement at the time of appointment to the Committee.

In addition, at least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual's financial sophistication.

Meetings

The Committee shall meet at least four (4) times per year on a quarterly basis, or more frequently as it determines. The Committee may ask members of management, the internal audit staff, the independent auditor and others to attend Committee meetings and to provide pertinent information, as necessary. The Committee shall meet in separate executive sessions with management, the internal auditing staff and the independent auditor to discuss any matters that the Committee (or any of these groups) believes should be discussed privately.

Notice of Committee meetings shall be given in the same manner as notice for special meetings of the Board. Two of the members of the Committee shall be present at any meeting of such Committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of the Committee. The Committee shall keep minutes of its proceedings and shall report the same to the Board at the next succeeding meeting, in accordance with the Company's By-laws.

Members of the Committee may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if a consent in writing to such action is signed by each member of the Committee and such written consent is filed with the minutes of proceedings of such Committee.

Duties

The Committee's job is one of oversight and it is recognized that the Company's management is responsible for preparing the Company's financial statements and that the external auditors are responsible for auditing those financial statements. It is not the duty of the Committee to assure compliance with applicable laws and regulations. Additionally, the Committee recognizes that financial management, as well as the external auditors, have more time, knowledge and detailed information about the Company than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the external auditor's work. The following functions shall be the common recurring activities of the Committee in carrying out its oversight function. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

- The Committee shall review major changes to the Company’s auditing and accounting principles and practices as suggested by the external auditors, the internal auditors or management.
- The Committee shall periodically discuss with management, the internal auditors and the external auditors major financial risk exposures and the quality and adequacy of the Company’s internal controls over financial reporting, including a review of disclosures required to be reported to the Committee by Section 302 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the SEC thereunder.
- The Committee shall periodically discuss with management and the external auditors any report required of the external auditors by Section 204 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the SEC thereunder, prior to any audit report being filed with the SEC pursuant to the securities laws.
- The Committee shall meet with the internal auditors and the external auditors prior to the audit to review their proposed scope and approach.
- The Committee shall obtain from the external auditors assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
- The Committee shall review with the external auditors any problems or difficulties the auditors may have encountered, any management letter provided by the auditors and the Company’s response to that letter. Such review should include any difficulties encountered in the course of the audit work, including any restrictions on the scope of the activities or access to required information.
- The Committee shall review with management and the external auditors the audited financial statements to be included in the Company’s Annual Report on Form 10-K (or the Annual Report to Stockholders if distributed prior to the filing of Form 10-K) and shall review and consider with the external auditors the matters required to be discussed by Statement of Auditing Standards (“SAS”) No. 61, as amended.
- The Committee shall request from the external auditors annually, a formal written statement delineating all relationships between the auditor and the Company consistent with then applicable laws, rules and standards, including, but not limited to, Public Company Accounting Oversight Board Rule 3526 as it may from time to time be amended, discuss with the external auditors any such disclosed relationships and their impact on the external auditor’s independence, and take or recommend that the Board take appropriate action in response to the external auditor’s report to satisfy itself of the auditor’s independence to oversee the independence of the external auditor.
- The Committee shall prepare the Audit Committee Report to be included in the Company’s annual proxy statement described in Regulation S-K.
- As a whole, or through the Committee chairperson, the Committee shall, prior to filing the Company’s quarterly report on Form 10-Q with the SEC, review with the internal auditors and the external auditors the Company’s interim financial results to be included in the Company’s quarterly report on Form 10-Q and the matters required to be discussed by SAS No. 61, as amended.
- The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Committee shall have the ultimate authority and responsibility to select (or nominate for stockholder approval), evaluate and, where appropriate, replace the external auditors and to approve the fees to be paid to the external auditors.

- The Committee shall discuss the guidelines and policies with respect to the Company's risk management policies and procedures.
- The Committee shall review with the internal auditors the results of reviews by the internal auditors or the external auditors of (a) officers' expense accounts and use of corporate assets and (b) key employees' compliance with the Company's Code of Business Conduct and Ethics.
- The Committee shall review and reassess the adequacy of the Company's Code of Business Conduct and Ethics and recommend any proposed changes to the Board for approval.
- The Committee shall (a) review and reassess the adequacy of the Related Person Transaction Policies and Procedures and recommend any proposed changes to the Board for approval and (b) either approve or disapprove of the entry into any interested transaction, as defined in such policy.
- The Committee shall review and reassess the adequacy of this charter on an annual basis and recommend any proposed changes to the Board for approval.
- The Committee shall confirm annually that all responsibilities outlined in this charter have been carried out.
- The Committee shall review and approve the performance, appointment or replacement of the Company's senior-most internal auditor.
- The Committee shall determine and the Company shall provide appropriate funding for payment of (1) 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; (2) compensation to any advisers employed by the Committee; and (3) ordinary administration expenses of the Committee that are necessary or appropriate in carrying out its duties.