TRANS1 INC.

AUDIT COMMITTEE CHARTER

I. Purpose

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of TranS1 Inc. (the "Company") to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. Management is responsible for (a) the preparation, presentation and integrity of the Company's financial statements; (b) accounting and financial reporting principles; and (c) the Company's internal control over financial reporting and disclosure controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm is responsible for performing an independent audit of and rendering an opinion on the consolidated financial statements in accordance with generally accepted auditing standards at each fiscal year end, and performing quarterly reviews of consolidated financial statements.

The Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Committee serves a board level oversight role where it oversees the relationship with the independent registered public accounting firm, as set forth in this charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the independent registered public accounting firm on the basis of the information it receives, discussions with the auditor, and the experience of the Committee's members in business, financial and accounting matters.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's bylaws. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Further, auditing literature, particularly Statement of Accounting Standards No. 100, discusses the objectives of a "review," including a particular set of required procedures to be undertaken by independent auditors. The term "review" as used in this Charter (other than when describing the duties of the Company's independent registered accounting firm) is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

II. Membership

The Committee shall be comprised of at least three directors determined by the Board to be "independent directors" within the meaning of the listing standards of the Nasdaq Stock Market, and the independence requirements set forth in the rules and regulations promulgated by the Securities and Exchange Commission (the "Commission"). If any member of the Committee no longer satisfies the applicable independence standards or there exists a vacancy on the Committee, All members of the Committee shall be "financially literate" (able to read and understand financial statements at the time of appointment) and at least one member shall be a "financial expert" as defined in the rules and regulations promulgated by the Commission, as amended from time to time. Appointment to the Committee, including the designation of the Chair of the Committee and the designation of any Committee members as "financial experts" as determined by applicable federal laws, shall be made on an annual basis by the Board. If a Committee Chair is not designated or present, the members of the Committee may designate a Chair by a majority vote of the Committee members.

The members of the Committee, including the Chair of the Committee, shall be appointed by the Board on the recommendation of the Nominating/Corporate Governance Committee. Committee members may be removed from the Committee, with or without cause, by the Board.

III. Authority and Responsibilities

In carrying out its purpose, the Committee shall:

- Be directly responsible for the appointment, retention, compensation, and oversight of the work of the independent registered public accounting firm, which shall report directly to the Committee.

- Obtain and review annually a report by the independent registered public accounting firm describing the firm's internal control over financial reporting procedures; any material issues raised by the most recent internal control over financial reporting review or peer review or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

- Oversee independence of the independent registered public accounting firm by:

  - receiving from the independent registered public accounting firm, on a periodic basis, a formal written statement delineating all relationships between the independent registered public accounting firm and the Company consistent with Independence Standards Board Standard 1;

  - reviewing, and actively discussing with the Board, if necessary, and the independent registered public accounting firm, on a periodic basis, any disclosed relationships or services between the independent registered public accounting firm and the Company or any other disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm; and

  - recommending, if necessary, that the Board take certain action to satisfy itself of the independent registered public accounting firm's independence.

- Review and discuss with the independent registered public accounting firm: (a) its audit plans, and audit procedures, including the scope, fees and timing of the audit; (b) the results of the annual audit examination and accompanying management letters; and (c) the results of the independent registered public accounting firm's procedures with respect to interim periods.

- Review and discuss reports from the independent registered public accounting firm on (a) all critical accounting policies and practices used by the Company, (b) alternative accounting treatments within GAAP related to material items that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent registered public accounting firm, and (c) other material written communications between the independent registered public accounting firm and management.

- Discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit and any other matters required to be communicated to the Committee by the independent registered public accounting firm under generally accepted auditing standards.

- Ensure that the independent registered public accounting firm completes its audit partner rotation in conformance with applicable law.

- Review and pre-approve all related-party transactions.

- Discuss with management and the independent registered public accounting firm quarterly earnings press releases, including any interim financial information included therein, review the year-end audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, if deemed appropriate, recommend to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the year.

- Review and discuss with management and the independent registered public accounting firm various topics and events that may have significant financial impact on the Company or that are the subject of discussions between management and the independent registered public accounting firm.

- Review and discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

- Pre-approve all audit and non-audit services provided to the Company by the independent registered public accounting firm (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary or permissible under the rules promulgated by the Commission). The Committee may, at its discretion, establish written policies and procedures for the pre-approval of audit and non-audit service engagement arrangements, provided the policies are detailed as to the particular service, the Committee is informed of each service and the policies do not delegate the Committee's responsibilities to management.

- Review and discuss with management and the independent registered public accounting firm: (a) the adequacy and effectiveness of the Company's internal control over financial reporting (including any significant deficiencies and significant changes in internal control over financial reporting reported to the Committee by the independent registered public accounting firm or management); (b) the Company's internal audit procedures; and (c) the adequacy and effectiveness of the Company's disclosures controls and procedures, and management reports thereon.

- Review annually with the management the scope of the internal audit program, and review annually the performance of both the Company's internal audit group and the independent registered public accounting firm in executing their plans and meeting their objectives.

- Review the use of auditors other than the independent registered public accounting firm in cases such as management's request for second opinions.

- Review matters related to the corporate compliance activities of the Company, including the review of reports from any compliance committee or other related groups.

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and procedures, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

- Establish policies for the hiring of employees and former employees of the independent registered public accounting firm.

- Publish the report of the Committee required by the rules of the Commission to be included in the Company's annual proxy statement.

- Review management's reports on internal control over financial reporting and the independent registered public accounting firm's attestation and report on management's internal control report, to be included in the Company's annual reports on Form 10-K prior to the filing of the Form 10-K.

- When appropriate, designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.

- Engage in an annual self-assessment with the goal of continuing improvement, and annually review and reassess the adequacy of its charter, and recommend any changes to the Board.

- Have the sole authority to engage independent legal, accounting and other advisers, as it determines necessary to carry out its duties.

- Have the sole authority to determine appropriate funding for payment of (i) the compensation for any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, (ii) the compensation for independent counsel and other advisors engaged by the Committee from time to time and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

- Meet at least once per quarter at such times and places as the Committee shall determine. The Committee shall meet in executive sessions with the independent registered public accounting firm and management periodically. The Chairman of the Committee shall report on Committee activities to the Board.

- Oversee management of the Company's investment portfolio by:

    - Reviewing and reassessing 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 approving changes to the investment policy as deemed appropriate.

    - Overseeing the management of the Company's investment portfolio and compliance by the portfolio managers with the Company's investment policy.

    - Evaluating the performance of the Company's outside portfolio managers and approving the addition or removal of portfolio managers.

The Chairman of the Committee is to be contacted directly by the Company's outside legal counsel or the independent registered public accounting firm (1) to review items of a sensitive nature that can impact the accuracy of financial reporting or (2) to discuss significant issues relative to the overall responsibility of the Board that have been communicated to management but, in their judgment, may warrant follow-up by the Committee.

IV. Compensation

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers or per meeting fees. Fees may be paid in such form of consideration as determined by the Board.

Members of the Committee (and their family members) may not receive any compensation, including fees for professional services, from the Company except the fees that they receive for service as a member of the Board or any committee thereof and reasonable expense reimbursement.