

UROLOGIX, INC.

AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee of Urologix, Inc. (the “Company”) is appointed by the Board of Directors of the Company (the “Board”) to assist the Board and to perform an oversight function with respect to the following:

- (1) discussing the financial statements of the Company with management and the independent auditor;
- (2) monitoring actions taken by the Company to comply with its internal control policies, processes and systems, as well as external accounting, legal and regulatory requirements;
- (3) risks of the Company relating to areas of the Audit Committee’s responsibility as such oversight responsibility may be delegated by the Board from time to time;
- (4) reviewing disclosures regarding the independence of the Company’s independent auditor; and
- (5) selecting and evaluating the performance of the Company’s independent auditor.

Membership

The Audit Committee shall be comprised of three or more independent directors. The Chair and members of the Audit Committee shall be elected by the Board, after a recommendation of the Governance/Nominating Committee. Each member shall meet the independence and experience requirements of The NASDAQ Stock Market LLC (“Nasdaq”) and the Securities and Exchange Commission (the “SEC”).

Accountability of the Independent Auditor

The independent auditor is accountable to the Audit Committee. The Audit Committee shall have the sole authority and responsibility with respect to the selection, engagement, compensation, oversight, evaluation and where appropriate, dismissal of the Company’s independent auditor.

Responsibilities

The Audit Committee shall:

Independent Auditor

1. Annually review the experience and qualifications of the senior members of the independent auditor team, the quality control procedures of the independent

auditor and the performance of the independent auditor. Appoint or replace the independent auditor as appropriate.

2. Review and approve in advance the plan and scope of audit and non-audit services and the fees to be paid for such services. The Audit Committee will approve recurring services on an annual basis and non-recurring services on a case-by-case basis in accordance with its established policies and procedures for pre-approval of independent auditor services.
3. Receive periodic reports from the independent auditor regarding the auditor's independence consistent with applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, discuss such reports with the auditor, and take appropriate action to oversee the independence of the auditor.
4. Review and approve the Company's hiring of employees of the independent auditor who were engaged in service to the Company.

Financial Reporting

5. Review with management and the independent auditor the Company's earnings press releases prior to issuance.
6. Review with management and the independent auditor the Company's quarterly financial information prior to the filing of the Company's Quarterly Report on Form 10-Q.
7. Review and discuss with management and the independent auditor the annual audited financial statements including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the Company's financial statements. Based on the foregoing review and other relevant matters, make its recommendation to the Board as to the inclusion of the Company's annual financial statements in the Company's Annual Report on Form 10-K.
8. Review with management and the independent auditor all critical accounting policies and practices and other significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including a review of the effect of alternative GAAP methods on the Company's financial statements when new material procedures, transactions or policies are adopted or approved.
9. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor or management.
10. Review with management, the independent auditor and counsel, as appropriate, the effect of new financial, regulatory and accounting initiatives and related

disclosure requirements. Discuss the impact of off-balance sheet structures, if any, on the Company's financial statements.

11. Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.
12. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards Nos. 100 and 114, as amended, relating to the conduct of the quarterly review and annual audit, respectively.
13. Meet at least quarterly with the independent auditor in executive session and at least annually with management in executive session. Receive quarterly reports from management regarding the Company's system of disclosure controls and procedures.
14. Discuss at least annually with management the Company's major financial risk exposures of the type disclosed in connection with the Company's discussion of quantitative and qualitative market risks in its 1934 Act reports and the steps management has taken to monitor and control such exposures.
15. Review with the independent auditor any problems or difficulties the auditor may have encountered. Such review should include:
 - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management; and
 - (b) any changes required in the planned scope of the audit.
16. Resolve any disagreements between the independent auditor and management regarding the Company's financial reporting.
17. Review any management letter provided by the auditor and the Company's response to that letter. Monitor actions taken by the Company in response to any letters or reports to management provided by the independent auditor.

Risk Oversight, Internal Controls, Ethical and Legal Compliance

18. Exercise oversight of risks relating to accounting matters, financial reporting and internal control over financial reporting. Discuss such risks with management and the independent auditors, including steps taken to identify and minimize such risks.
19. Review with management and the independent auditor the Company's policies and procedures regarding compliance with its internal policies as well as applicable laws and regulations, including without limitation with respect to

maintaining books, records and accounts and a system of internal accounting controls in accordance with Section 13(b)(2) of the Securities Exchange Act of 1934.

20. Review and approve all related-party transactions in accordance with the Company's Related Party Transaction Policies and Procedures.
21. Oversee the Company's Code of Ethics and Business Conduct (the "Code"), which will also constitute the code of ethics for the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, as contemplated by rules promulgated under the Securities Exchange Act of 1934. Grant waivers to senior officers and directors under the Code, when appropriate and in the best interests of the Company.
22. Establish and monitor procedures for (i) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, auditing matters; and (ii) the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
23. Review any disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Audit Committee regarding (i) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data; and (ii) any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls.
24. Review and approve the report of the Audit Committee required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.
25. Review with the Company's Chief Financial Officer, and others as needed, legal matters that may have a material impact on the financial statements, the Company's compliance policies, and any material reports or inquiries received from regulators or governmental agencies.
26. Inquire of the independent auditor whether any violation of Section 10A (relating to the detection of illegal acts that may have a direct and material effect on the determination of financial statement accounts) of the Securities Exchange Act of 1934 has been detected.

General

27. Review the appointment and any replacement of the Chief Financial Officer.
28. Review and reassess the adequacy of this Audit Committee Charter annually and recommend any proposed changes to the Board for approval.

29. Conduct an annual performance evaluation of the Audit Committee, which shall be reviewed annually by the Board.
30. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and Bylaws, the rules of Nasdaq applicable to its listed companies, and governing law as the Audit Committee or the Board deems necessary or appropriate.
31. Make regular reports to the Board.

Advisors

The Audit Committee has the authority, at the Company's expense, to retain professional advisors, including without limitation special legal, accounting or other consultants, to advise the Audit Committee, as the Audit Committee deems necessary or advisable in connection with the exercise of its powers and responsibilities as set forth in this Audit Committee Charter, all on such terms as the Audit Committee deems necessary or advisable.

Limitation on Responsibilities and Powers

While the Audit Committee has the responsibilities and powers set forth above in this Audit Committee Charter, it is not the duty or responsibility of the Audit 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 (this determination shall remain the responsibility of management and the independent auditor).

Last Approved: August 4, 2010