

Fenix Parts, Inc.
Audit Committee Charter

Purpose

The purpose of the Audit Committee of the Board of Directors (the “Committee”) is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Company’s financial statements, the qualifications and independence of the Company’s independent accountants, the performance of the Company’s internal audit function and the Company’s independent accountants and the Company’s compliance with legal and regulatory requirements.

The Committee is also responsible for reviewing and evaluating the effectiveness of the Company’s procedures for assessing significant risks and the measures that management has taken to minimize such risks.

Membership

The Committee shall be composed of three or more directors, as the Board of Directors determines. Each member of the Committee shall be appointed annually by the Board upon the recommendation of the Nominating and Governance Committee, and may be removed by the Board at any time in the Board’s discretion.

Each member of the Committee shall be independent under the applicable standards for independence of the U.S. Securities and Exchange Commission (the “SEC”) and the Nasdaq Global Market, Inc. (“Nasdaq”) (except as those rules may otherwise allow in exceptional circumstances or to phase in compliance in connection with an initial public offering).

General Responsibilities

The Committee shall have the following general responsibilities. The Committee may expand these responsibilities as it considers necessary or appropriate in carrying out its oversight function:

To meet separately in executive sessions with the senior internal auditor and the Company’s independent accountants from time to time as appropriate to discuss any matters that the Committee, the senior internal auditor or the Company’s independent accounts believe should be discussed privately.

To review periodically with the Company’s counsel any legal and regulatory matters that may have a material effect on the Company’s financial statements, operations, compliance policies and programs.

To review and approve 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 concerns regarding questionable accounting or auditing matters.

To recommend to the Board of Directors that the audited financial statements be included in the Company’s annual report on Form 10-K.

To review with management, the senior internal auditor and the Company’s independent accountants disclosures of insider and affiliated party transactions.

In the Committee’s discretion, to conduct or authorize investigations into matters within the

scope of its responsibilities.

To take any other actions required of the Committee by law, applicable regulations, or as may be requested by the Board of Directors.

Responsibilities Relating to Independent Accounts and Internal Audit Function

The Committee shall have the following responsibilities relating to the Company's independent accountants and internal audit function:

To have sole authority to appoint or replace the independent accountants (subject, if applicable, to stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent accountants for purposes of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company. The independent accountants shall report directly to the Committee.

To review the experience and qualifications of the senior members of the independent accountants' audit team.

At least annually, to obtain and review any and all reports required by the SEC or Nasdaq relating to the independent accountants' internal quality control procedures (including any material issues raised by internal or peer reviews or governmental authorities and any steps taken to address any such issues).

To review and approve all audit and permitted non-audit services to be performed by the independent accountants.

To review and concur in the appointment, replacement, reassignment or dismissal of the senior internal auditor. The senior internal auditor shall report the matters within the scope of his or her authority directly to the Committee.

To ensure that the independent accountants deliver to the Committee annually a formal written statement delineating all relationships between the independent accountants and the Company and addressing at least the matters set forth in Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and to discuss with the independent accountants any relationships or services disclosed in such statement that may impact the objectivity and independence of the Company's independent accountants. The Committee shall present its conclusions with respect to the independent accountants to the Board.

Responsibilities Relating to Audits and Financial Statements

The Committee shall have the following responsibilities relating to the Company's audits and financial statements:

To request the independent accountants to confirm that they report directly to the Committee and that they will provide the Committee with timely analyses of significant financial reporting and internal control issues.

To review with management significant risks and exposures identified by management, the internal auditors or the independent accountants, and management's steps to address these risks.

To review the scope of the internal audits with the senior internal auditor and the scope of the external audit with the independent accountants.

To review with management, the independent accountants and the senior internal auditor (i) the Company's internal controls, including computerized information system controls and security, and (ii) any significant findings and recommendations made by the independent accountants or internal auditor.

After the completion of the annual audit examination (and before the Company's annual report on Form 10-K is filed with the SEC), to review with management and the independent accountants:

- (1) the Company's annual financial statements and related footnotes, including disclosures made in management's discussion and analysis;
- (2) the independent accountants' audit of and report on the financial statements;
- (3) the appropriateness and acceptability of the accounting principles, financial disclosures and underlying estimates used in the Company's financial statements, including (i) critical accounting policies and practices and (ii) alternative treatments within generally accepted accounting principles for policies and practices relating to material items that have been discussed with management;
- (4) any significant difficulties or disputes with management encountered during the course of the audit and management's response;
- (5) the effect of regulatory and accounting initiatives;
- (6) the effect of off-balance sheet structures, if any, on the Company's financial statements;
- (7) any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; and
- (8) any other matters about the audit procedures or findings that generally accepted auditing standards require the auditors to discuss with the Committee, including any material written communications between the independent accountants and management.

To review and discuss with management and the independent accountants the Company's quarterly financial statements.

To discuss with management earnings press releases and generally discuss financial information and earnings guidance provided to analysts and rating agencies.

To discuss with management and the independent accountants (i) any significant deficiencies in the design or operation of internal controls and any material weaknesses identified, (ii) any fraud involving management or other employees who have a significant role in the Company's internal controls and (iii) any employee complaints or published reports that raise material issues regarding the Company's accounting, internal accounting controls or auditing matters.

To review with management and the senior internal auditor (i) any difficulties that the internal auditors encountered while conducting audits, including any restrictions on the scope of their work or access to required information, (ii) any changes to the planned scope of the internal audit plan that the Committee thinks advisable and (iii) the internal audit department's budget and staffing.

Procedures

The Committee shall meet as necessary at the call of the chairman or any two members of the Committee. Two members of the Committee shall constitute a quorum, and all actions of the Committee at a meeting at which a quorum is present shall be taken by majority vote. A member of the Committee may participate in any meeting of the Committee by a conference telephone call or other means that enable all persons participating in the meeting to hear one another, and participation in this manner shall constitute presence in person at the meeting. The Committee may also act by the unanimous written consent of its members. The committee shall make regular reports of its proceedings to the Board of Directors.

The members of the Committee shall elect a chairman, and the chairman shall appoint a secretary of the Committee, who may be one of the members of the Committee or the secretary or an assistant secretary of the Company. The secretary of the Committee shall prepare minutes of the meetings, maintain custody of copies of reports, information and data furnished to and used by the Committee, and generally assist the Committee in connection with preparation of agendas, notices of meetings and other matters.

Authority

The chairman and secretary of the Committee shall provide, or arrange with the Company's chairman or president to provide, such reports, information, data and services as the Committee may request. In discharging its oversight responsibilities, the Committee shall have unrestricted access both to the Company's management and other employees whose views the Committee may consider helpful and to the Company's books and records, and shall have the authority to retain outside counsel, accountants or other consultants in the Committee's sole discretion.