

**Patriot Scientific Corporation
Audit Committee Charter**

I. Committee Member Composition

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Patriot Scientific Corporation (“Corporation”) shall be comprised of no less than two (2) members with the following qualifications:

1. The Committee shall consist entirely of non-employee members of the Board who satisfy the independence requirements established by the laws, rules and regulations of the U.S. Securities and Exchange Commission (“SEC”).
2. Each member of the Committee shall be free of any relationship that, in the judgment of the Board from time to time, would interfere with the exercise of his or her independent judgment.
3. Each member of the Committee shall also satisfy, in the judgment of the Board from time to time, the required financial literacy, which shall include the ability to read and understand fundamental financial statements, including the Corporation’s balance sheet, income statement and cash flow statement.
4. All members of the Committee shall have sufficient financial experience and ability to enable them to fulfill their responsibility. At least one member of the Committee shall possess the experience and qualifications of an “audit committee financial expert” as defined by the rules and regulations of the SEC, in that he or she has 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.
5. No member of the Committee shall simultaneously serve on the audit committee of more than two other public companies.
6. No member of the Committee shall have participated in the preparation of the financial statements of the Corporation at any time during the past three (3) years.

II. Purpose

The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the:

1. Financial reports and other financial information provided by the Corporation to designated regulatory bodies or the public;
2. Corporation’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management has established;
3. Corporation’s auditing, accounting and financial reporting processes;
4. Corporation's compliance with legal and regulatory requirements;
5. Independent auditor's qualifications and independence; and
6. Performance of the Corporation's internal audit function and the independent auditors.

Management of the Corporation is responsible for (a) the preparation, presentation and integrity of the Corporation’s financial statements; (b) accounting and financial reporting principles; and (c) the Corporation’s internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations.

The Corporation’s independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards. The Corporation’s independent registered public accounting firm is also charged with attesting to, and reporting on, management’s assessment of the effectiveness of the internal control structure and procedures of the Corporation for financial reporting.

Regardless of whether the Committee members are or have been professional accountants or auditors, their functions are not intended to duplicate or to certify the activities of management and the independent auditor. The Committee serves a board level oversight role where it oversees the relationship with the independent auditor, as set forth in this charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the auditors 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.

III. Responsibilities

In addition to the purposes set forth above, the primary responsibilities of the Committee shall be:

Independent auditors

1. Retain and terminate the Corporation's independent auditors, and exercise the Committee's sole authority to approve all audit engagement fees and terms as well as non-audit engagements with the independent auditors. The Committee shall as part of such process, obtain from such independent auditors, and discuss with them, the required disclosures regarding independence, as such requirements are amended or supplemented from time to time. The Committee shall be directly responsible for oversight of the independent auditors who will report directly to the Committee.
2. At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Corporation.
3. Ensure the rotation of the audit partners as required by Section 10A(j) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent registered public accounting firm on a regular basis.
4. At least annually discuss with the independent auditors the matters described in SAS 61 ("*Communications with Audit Committee*").
5. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act as not been implicated.

Reporting and disclosure to the Board

6. Meet with management and the independent auditors to review and discuss the Corporation's annual and quarterly financial statements, including significant changes in accounting principles or their application, reviewing the Corporation's specific disclosures under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and management's certification of such statements.
7. Review regularly the independent auditor's report submitted to the Committee regarding the Corporation's critical accounting policies and practices, alternative treatments of financial information that have been discussed with management, and written communications between the Corporation's management and the independent auditors.
8. Review with the independent auditors their reports on the annual and quarterly financial statements and all communications required of the independent auditors; and discuss with the independent auditors and management their judgment as to the quality of the Corporation's accounting policies, including the application of the Corporation's accounting policies.
9. Review and discuss on a general basis the types of information disclosed in, and the types of presentations to be made for, earnings press releases, as well as financial information or earnings guidance provided to analysts and ratings agencies.
10. Review with management, the independent auditors and the senior-most internal auditor, the adequacy of the Corporation's internal controls, disclosure processes and management's responses with respect to recommendations for internal control improvements.
11. Based on the Committee's review and discussion of the Corporation's annual financial statements with management and the independent auditors, recommend to the Board that the annual financial statements be included in the Corporation's Annual Report on Form 10-K.
12. Review with management, the independent auditors and the senior-most internal auditor, the quarterly financial statements prior to the filing of quarterly periodic reports. This review includes significant adjustments, management adjustments and accounting estimates, significant new accounting policies and disagreements with management.
13. Review and report to the Board on any material related party transactions between the Corporation and its affiliates.
14. Regularly report Committee actions to the Board, with such recommendations, as the Committee deems appropriate.

15. Report to stockholders in the Corporation's filings with the SEC on those Committee matters required by rules and regulations of the SEC.

Corporate oversight

16. Assist the Board's oversight of the Corporation's compliance with respect to its financial reporting and disclosure processes, disclosure requirements and internal control systems. Review (A) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
17. Assist the Board's oversight of the audit processes of the Corporation's independent auditors and internal audit department.
18. Provide an open communication among the Corporation's independent auditors, financial and senior management, and the Board.
19. Discuss the guidelines and policies with respect to the Corporation's risk management policies and procedures.
20. Review and discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
21. Review the audit plans and activities of the independent auditors and the internal auditors, and the coordination of their audit efforts.
22. Evaluate whether management is setting the appropriate "tone at the top" by communicating the importance of the Corporation's ethical and business practice standards, including the importance of internal accounting controls. Establish, review and update periodically the Corporation's Code of Ethics and ensure that management has established a system to enforce this Code.
23. Review with the senior internal auditor the results of reviews by the internal auditors or independent auditors of (a) officers' expense accounts and use of corporate assets and (b) key employees' compliance with the Corporation's Code of Ethics.
24. Establish procedures for the Committee to receive, retain and respond to complaints regarding the preparation of financial statements, accounting, internal accounting controls, and auditing matters.
25. Establish procedures for the Committee to receive, retain and respond to the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
26. Establish procedures for the reporting of evidence by an attorney representing the Corporation before the SEC of a violation of securities laws or breach of fiduciary duty or similar violation by the Corporation or any agent thereof if such evidence is reported to the Corporation's Chief Executive Officer and an appropriate response is not received.
27. Oversee the financial affairs, internal controls and internal and external audits of all employee benefit plans of the Corporation, its subsidiaries and divisions and appoint and monitor the named fiduciaries of such plans, which responsibilities the Committee may delegate in such manner and to such entities as it determines in its sole discretion.
28. Review and monitor the fiduciaries of the Corporation's employee benefit plans that are subject to the Employee Retirement Income Security Act (ERISA).
29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.
30. Consider such other matters with respect to the Corporation's financial affairs, internal controls and the internal and external audits as the Committee may deem advisable.
31. Recommend to the Board policies for the Corporation's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Corporation.
32. Review this Charter on a periodic basis and make recommendations to the Board for updates and changes as appropriate.
33. Undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.

IV. General

1. The Chairperson of the Committee and the audit committee financial expert shall each be appointed by the Board.
2. The Committee shall meet at least five (5) times each year, or more frequently as circumstances require.
3. The timing of the meetings shall be determined by the Committee and the Board. The Committee, however, will meet at any time that the independent auditors believe communication to the Committee is required.
4. The Board may at any time, and in its complete discretion, remove any member of the Committee and may fill any vacancy in the Committee.
5. The Committee may obtain advice and assistance from outside legal, accounting, or other advisers as is necessary and appropriate and approve fees for such advisors engaged by the Committee.
6. The Committee will meet, at least quarterly, with management, the senior-most internal auditor, the Chief Financial Officer and the independent auditors in separate sessions to discuss any matters which the Committee or these groups believe should be discussed privately with the Committee.
7. Minutes shall be kept of each meeting of the Committee, and the Committee shall regularly provide reports of its actions to the Board.