

**CHARTER FOR THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF MAKEMUSIC, INC.**

I. PURPOSE

The primary function of the Audit Committee (the “Committee”) of MakeMusic, Inc. (the “Company”) is to provide oversight responsibilities by reviewing: the financial reports and other financial information provided by the Company to any governmental body or the public; the Company’s systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Company’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting process and internal control system.
- Coordinate, review and appraise the audit efforts of the Company’s independent accountants and management.
- Communicate directly with the independent accountants, the financial and senior management and the Board of Directors regarding the matters related to the Committee’s responsibilities and duties.

The Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

II. ORGANIZATION AND MEMBERSHIP

The Committee shall be comprised of three (3) or more directors appointed by the Board, each of whom shall be independent. The definition of “independence” for purposes of selecting Committee members shall be that contained in the Company’s Principles of Corporate Governance as adopted by the Board. In addition, no member of the Audit Committee shall receive any compensation whatsoever from the Company other than compensation paid to such member as a director of the Company and member of one or more committee of the Company’s Board of Directors. Committee members shall be appointed and removed by the Board; such appointment and removal may be upon recommendation by the Governance Committee.

The Chairman of the Committee shall be elected by the Board. In the absence of the Board’s election of a Chair, the Committee shall elect a Chair by majority vote of the Committee members. The Chair of the Committee shall conduct the meetings as well as represent the Committee to the Company’s Board.

All Committee members shall have a working familiarity with basic finance and accounting practices and shall be able to read and understand financial statements at the time of their appointment to the Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. At least one member of the Committee shall be an “audit committee financial expert”, as such term is defined in applicable regulations of the Securities and Exchange Commission and The Nasdaq Stock Market, Inc.

III. RESPONSIBILITIES

To fulfill its responsibilities and duties hereunder, the Committee shall:

A. Documents/Reports Review

- Review periodically the Committee's charter, and make appropriate recommendations to the Governance Committee.
- Review the Company's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the independent accountants.
- Review with management and the independent accountants any 10-QSB or 10-KSB prior to its filing and any release of earnings prior to its release. The Chair of the Committee may represent the entire Committee for purposes of these reviews.

B. Independent Accountants

- Appoint, compensate and oversee the Company's independent accountants. The Company's independent accountants shall report directly to the Committee. On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Company to determine the accountants' independence.
- Review the performance of the independent accountants and discharge the independent accountants when circumstances warrant.
- Prior to approval by the Board, pre-approve all audit services and non-audit services to be performed by the Company's independent accountants. Neither the Committee nor the Board shall approve, and the Company's independent accountants shall not provide to the Company, the following non-audit services if such services are to be provided contemporaneously while serving as independent accountants of the Company: bookkeeping services; financial IS design and implementation services; appraisal or valuation services; fairness opinions; contribution-in-kind reports; actuarial services; internal audit outsourcing services; management functions or HR; broker/dealer, investment adviser or investment banking services; and legal services and expert services unrelated to the audit.
- As necessary, discuss with management the engagement of auditors other than the principal independent auditors and document auditor selection criteria.
- Annually review the current length of the terms of service of lead and concurring audit partners and, if the term of either partner will expire within one year, consider transition plans for new partners.
- Review material written communications between the independent accountants and management.

- As necessary, evaluate reports from the independent accountants regarding illegal acts and prepare reports regarding the same.

C. Financial Reporting Processes

- Periodically consult with the independent accountants outside of the presence of management regarding the integrity of the Company's internal and external reporting processes, adequacy of internal controls and the fullness and accuracy of the Company's financial statements.
- Inquire of management and external accountants about the adequacy of the Company's internal control procedures as a complete system, as well as the discovery of any individual material gaps and/or failures in the Company's internal control procedures.
- Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Review the performance of the Company's Chief Financial Officer, or such other officer who is serving as the principal accounting officer and periodically discuss job satisfaction and other employment issues with such officer.
- Review the audit scope and plan of internal auditors and independent auditors in order to ensure coordination of efforts, completeness of coverage, reduction of redundant efforts and effective use of audit resources.
- Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent accountants, management or the internal auditing department.
- Following completion of the annual audit, review separately with each of management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information or any significant disagreement among these groups in connection with the preparation of the financial statements.
- Review with the independent accountants and management the audit process and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- Review, at least annually, with consultation from the independent accountants, all critical accounting policies and practices used by the Company and periodically evaluate alternative treatments that are within generally accepted accounting principles.
- Evaluate, as necessary, with consultation from the independent accountants, the effect of new regulatory and accounting pronouncements and off-balance sheet structures on the Company's financial statements.

D. Audit Committee Report

- Prepare an annual Audit Committee Report to be presented to the Board. The Audit Committee Report shall include, at a minimum, the following representations:

- (1) that the Committee has reviewed and discussed the audited financial statements with management;
 - (2) that the Committee has discussed with the independent accountants the matters required to be discussed by SAS 61, as may be modified or supplemented;
 - (3) that the Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as may be modified or supplemented, and has discussed with the independent auditor the independent auditor's independence;
 - (4) that, based on the review and discussions referred to in paragraphs (1) through (3) of this item, the Committee recommends (or declines to recommend) to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-KSB for the last fiscal year for filing with the Securities and Exchange Commission; and
 - (5) that the individual Committee members, and the Committee in the aggregate, complies with the Committee independence requirements set forth in this Charter.
- The Audit Committee Report may include other information that the Committee deems appropriate. The Committee will prepare the Audit Committee Report with the understanding that its representations will in used by the Board and the Company to comply with Item 306 of Regulation S-B and Item 7(d)(3) of Schedule 14A as those regulations affect the Company.

E. Related-Party Transactions

- At least annually, or more frequently as may be necessary, each executive officer and director of the Company shall report to the Committee regarding all related-party transactions to which such person and the Company may be a party prior to the implementation of such transaction to assess whether such transactions meet applicable legal requirements.

F. Ethical and Legal Compliance

- Review periodically the Company's Code of Ethics and Business Conduct and management's enforcement of the Code as it relates to the Company's financial reporting process and internal control system.
- Ensure that management has the proper review system in place to ensure that Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
- Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
- Review, with management, the Chief Financial Officer and the independent auditors the material risks facing the Company and assess the steps that management has taken or

proposes to take to minimize such risks. Annually submit to the full Board a risk report including mitigation strategies and quantifiable risks and insurance coverage to cover such risks, and review and update such risk report periodically and as necessary.

- As required by the applicable regulations of the Securities and Exchange Commission and The Nasdaq Stock Market, Inc., establish and maintain procedures for efficiently responding to complaints received by the Company regarding accounting, internal accounting controls and auditing including among other things, procedures that allow employees to submit concerns regarding questionable accounting and auditing matters on an anonymous basis.
- Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

IV. AUTHORITY

The Audit Committee shall have the authority as and when it shall determine to be necessary or appropriate to the functions of the Audit Committee, to:

- Appoint, discharge and authorize compensation of the Company's independent accountants.
- Have full and independent access to Company management and personnel, provided that the Committee shall provide prior notice to at least one of the persons serving as Chief Executive Officer, President or Chief Financial Officer of its intention to interview personnel.
- Request from any persons serving as Chief Executive Officer, President or Chief Financial Officer, and rely upon, advice and information, orally or in writing, concerning the Company's business operations and financial information relevant to the functions of the Committee.
- At the expense of the Company, retain legal counsel (which may be, but need not be, the regular corporate counsel to the company) and other consultants and advisors to assist it with its functions, provided, however, that the Committee shall provide notification of any such engagement to at least one of the persons serving as Chief Executive Officer, President or Chief Financial Officer prior its commencement. The Committee shall have authority to approve such advisors' fees and other retention terms, provided, however, that to the extent the Committee determines to spend in excess of \$10,000 during any fiscal year on such consulting assistance, it shall seek preapproval from the Board of such excess expenditures. The Committee shall have sole authority to terminate its relationship with any advisor that it retains.
- Take all action appropriate to the performance of the Committee's duties, including delegation of Committee responsibilities to subcommittees.

V. MEETINGS AND MINUTES

The Committee shall meet in person or electronically no fewer than four times per year, and as many additional times as the Committee deems necessary. A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members

present shall represent the valid action of the Committee. As necessary or desirable, the Committee may request that members of management or others, including the Company's advisors, be present at meetings of the Committee. In addition, as part of its job to foster open communication, the Committee should meet at least once annually with management and the external accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Committee should also meet with the independent accountants and management quarterly to review the Company's financials consistent with Section III of this Charter.

The Audit Committee will maintain written minutes of its meetings. Such minutes will be provided to the Board of Directors, and filed with the minutes of the meetings of the Board of Directors.

VI. MANAGEMENT COOPERATION

Management of the Company shall cooperate with the Committee and render to the Committee such assistance as it shall request for the purpose of carrying out its functions.