

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

I. PURPOSE

The Audit Committee (the “Committee”) of MakeMusic, Inc. (the “Company”) shall have oversight responsibility for the accounting and financial reporting process and risk management functions of the Company. 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 auditor and management.
- Communicate directly with the independent auditor, 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 will consist of three or more directors appointed by the Board, each of whom shall be independent as determined by the Board in its business judgment. 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. No member of the 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 by the Board and may be removed by the Board at any time, with or without cause. Such appointment and removal may be upon recommendation by the Governance Committee.

The Committee Chair 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 applicable stock exchange listing standards.

III. RESPONSIBILITIES

The Committee shall perform all activities that the Committee or the Board deem necessary or appropriate to effect the purpose and responsibilities of the Committee set forth in this Charter, the Company's Bylaws, and applicable laws, regulations and stock exchange listing standards, including:

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 auditor.
- Review with management and the independent auditor any 10-Q or 10-K 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.
- Prepare an annual Audit Committee Report to be presented to the Board and to be included in the Company's Proxy Statement on Schedule 14A, pursuant to Item 7 of Schedule 14A and Item 407(d)(3) of Regulation S-K. The Audit Committee Report shall include, at a minimum, the information and representations required by Item 7 of Schedule 14A and Item 407(d)(3) of Regulation S-K (as may be amended, modified or supplemented from time to time), and may include other information that the Committee deems appropriate.

B. Independent auditor

- Appoint, compensate and oversee the Company's independent auditor. The Company's independent auditor shall report directly to the Committee. The shareholders of the Company will have an opportunity to ratify the selection of the independent auditor on an annual basis.
- Review the performance of the independent auditor and discharge the independent auditor when circumstances warrant. In conducting the performance review, the Committee may consider reports from the independent auditor describing the independent auditor's quality control procedures, results from peer, governmental or professional authority reviews, and responses to such reviews. On an annual basis, the Committee shall evaluate the independent auditor's independence, which shall include reviewing and discussing with the independent auditor all significant relationships that it has with the Company.
- Pre-approve all audit services and non-audit services to be performed by the Company's independent auditor. Neither the Committee nor the Board shall approve, and the Company's independent auditor shall not provide to the Company, the following non-audit services if such services are to be provided contemporaneously while serving as independent auditor 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; legal services and expert services unrelated to the audit; or any other non-audit services prohibited by applicable laws and regulations.

- As necessary, discuss with management the engagement of accountants other than the principal independent auditor and document accountant 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 communications between the independent auditor and management.

C. Financial Reporting Processes

- Review, at least annually, in consultation with management and the independent auditor, the adequacy of the Company's disclosure controls and procedures and internal control over financial reporting, any individual material gaps and/or failures in the Company's disclosure and internal controls, and any report on internal controls required by applicable laws and regulations to be included in the Company's Form 10-K. Oversee implementation of any changes to internal control procedures and review the adequacy of public disclosures regarding such changes. Periodically consult with the independent auditor 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.
- Review the performance of the Company's Chief Financial Officer, or such other officer who is serving as the principal accounting officer. Periodically discuss with such officer responsibilities, job satisfaction other employment issues relevant to such officer, in consultation with the Compensation Committee and Board as appropriate.
- Review and approve annually the internal and external audit plans, and discuss the plans with management, any external accountants retained by the Company, and the Company's independent auditor, in order to ensure coordination of efforts, completeness of coverage, reduction of redundant efforts and effective use of audit resources.
- Following completion of the annual audit, review separately with each of management and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, significant changes required to the planned scope of the audit, significant disagreements between management and the independent auditor in connection with the preparation of the financial statements, and any matters for which the independent auditor consulted with its national office.
- Consider and approve, if appropriate, material changes to the Company's auditing and accounting practices as suggested by management or the independent auditor, and oversee implementation of changes to such processes.
- Review, at least annually, with consultation from the independent auditor, all critical accounting policies applied by the Company and periodically evaluate alternative treatments that are within generally accepted accounting principles. Establish systems of reporting to the Committee by management and the independent auditor regarding any

significant judgments made in connection with preparing the financial statements and the appropriateness of such judgments.

- Evaluate, as necessary, with consultation from the independent auditor, the effect of new regulatory and accounting pronouncements and off-balance sheet structures on the Company's financial statements, and discuss with management and the independent auditor any current developments in reporting practices, independence standards, and other matters that may affect preparation of the Company's financial statements.

D. 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. The term "related-party transaction" shall refer to transactions required to be disclosed by Item 404 of Regulation S-K (as may be amended, modified or supplemented).

E. 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. Receive and coordinate responses to whistleblower complaints regarding financial and accounting practices.
- 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 legal counsel, any legal matter that could have a significant impact on the Company's financial statements.
- Review periodically, with management, the Chief Financial Officer and the independent auditor the material risks facing the Company and assess the steps that management has taken or proposes to take to minimize such risks. At least annually, report to the Board regarding enterprise-wide risks, focusing primarily on (i) risks relating to the Company's ability to maintain appropriate levels of credit and insurance coverage, (ii) legal, financial and accounting, and compliance risks, and (iii) mitigation strategies related to those risks.
- Establish and maintain procedures for the receipt, retention and response to correspondence with government regulators and agencies and for any complaints received by the Company regarding its accounting, internal accounting controls or auditing matters. At a minimum, these procedures shall allow employees to submit concerns regarding questionable accounting and auditing matters on an anonymous basis.

IV. AUTHORITY

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

- Appoint, discharge and authorize compensation of the Company's independent auditor.
- 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 or Chief Financial Officer of its intention to interview personnel.
- Request from any person serving as Chief Executive Officer 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 or Chief Financial Officer prior to 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.
- Incur ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's responsibilities.
- Take all action appropriate to the performance of the Committee's duties, including, to the extent permissible under applicable laws and regulations, delegation of Committee responsibilities to subcommittees, provided, however, that any such subcommittee to which any responsibilities are delegated shall report regularly to the Committee regarding the matters delegated.

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. 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 independent auditor 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 auditor and management quarterly to review the Company's financials consistent with Section III of this Charter.

The 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.