

**AUDIT COMMITTEE CHARTER
OF THE BOARD OF DIRECTORS OF
HARTVILLE GROUP, INC.**

ORGANIZATION

1. The Audit Committee is a committee of the Board of Directors (the “**Board**”) of Hartville Group, Inc. (the “**Company**”). The members and chair of the committee will be elected by the full Board on the recommendation of the Nominating and Corporate Governance Committee and will serve at the pleasure of the Board. The Audit Committee will consist of at least three members.
2. All members of the Audit Committee must meet the independence and experience requirements for audit committee members under the listing standards of the American Stock Exchange and applicable law, including the applicable rules of the Securities and Exchange Commission (the “**SEC**”). At least one member of the Audit Committee shall be (as determined by the Board) an “audit committee financial expert” as defined by the SEC.
3. The Audit Committee will regularly report on actions taken by it to the full Board.
4. The Audit Committee is authorized to obtain advice and assistance as it believes necessary from Company personnel and from external legal, accounting and other advisors. The Audit Committee shall receive appropriate funding, as determined by the Audit Committee, from the Company for payment of compensation to such external legal, accounting and other advisors.
5. The Audit Committee will establish, with the assistance of management and the internal audit manager, a calendar incorporating regular reporting items it requires from independent auditors, the internal audit function and management during the year.

PURPOSE

The purpose of the Audit Committee will be to:

1. Assist Board oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications and independence and (iv) the performance of the Company’s internal audit function and independent auditor.
2. Prepare the Audit Committee report to be included in the Company’s proxy statement in accordance with applicable rules and regulations.

DUTIES AND RESPONSIBILITIES

The Audit Committee’s duties and responsibilities will be to:

1. Appoint, retain and terminate, and be responsible for the compensation and oversight of, the Company's independent auditor, which shall report directly to the Audit Committee.
2. Pre-approve, or adopt appropriate procedures to pre-approve, all audit engagement fees and terms and all non-audit engagements with the independent auditor.
3. Ensure receipt from the independent auditor of a formal written statement delineating all relationships between the auditor and the Company, consistent with Independence Standards Board Standard 1, as well as actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor.
4. On an annual basis, obtain and review a report by the independent auditor describing (i) the independent auditor's internal quality-control procedures; and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, 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 independent auditor, and any steps taken to deal with any such issues. In connection with its evaluation of the independent auditor, the Audit Committee should, in addition to assuring the regular rotation of the audit partners as required by law, consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself.
5. Review and approve the Audit Committee's report to be included in the proxy statement and the Company's response to any comments of the SEC on the report.
6. Review and discuss with management and the independent auditor the Company's annual and quarterly financial statements, including the Company's critical accounting estimates underlying the financial statements and other disclosures discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operation"; the effect of regulatory and accounting initiatives and any off-balance sheet structures on the Company's financial statements; and any certification, report, opinion or review rendered by the independent auditor.
7. Resolve any disagreements between management and the independent auditors regarding financial reporting.
8. Discuss with management the Company's earnings press releases before their release. In addition, discuss the types of financial information and earnings guidance provided to analysts and rating agencies.
9. Periodically consult with the independent auditor, outside the presence of management, about internal controls and the quality of the Company's financial statements. As part of

this review, the committee will receive regular reports from the Company's counsel on significant litigation in which the Company is involved and the anticipated impact of such litigation.

10. Meet separately, at least quarterly, to review the integrity of the Company's financial reporting processes, both internal and external. The Audit Committee shall obtain input from management, the internal audit manager and the independent auditor as deemed appropriate by the Audit Committee.
11. Discuss with management significant risks or exposures that the Company may have and the steps management has taken to monitor and control such risks or exposures.
12. Review and discuss with management and the independent auditor (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles or adoption of new accounting principles; (ii) 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 (iii) 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 prepared by management and the independent auditor of the effects of applying alternative accounting principles on the financial statements.
13. Consider, in consultation with the independent auditor, the internal audit manager and the chief financial officer, the audit scope and plan of the independent auditor and the internal auditors. Review with the independent auditor, the internal audit manager and the chief financial officer the coordination of the audit effort with respect to completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
14. Review with the independent auditor any audit problems or difficulties and management's response. This review must include any restrictions on the scope of the independent auditor's activities or on access to requested information and discussion of any disagreements with management. It should also include accounting adjustments proposed by the independent auditor but not adopted; communications between the audit team and the audit firm's national office with regard to auditing or accounting issues presented by the engagement; and any management or internal control letter issued or proposed to be issued by the independent auditor.
15. Receive any reports from the independent auditor under the provisions of Section 10A of the Securities Exchange Act of 1934 and review with management and recommend to the Board appropriate action to be taken by the Company.
16. Establish hiring policies with respect to employees or former employees of the independent auditor.

17. Discuss with the independent auditor the responsibilities, budget and staffing of the internal audit function.
18. Review the appointment and replacement of the internal audit manager.
19. Review significant reports to management prepared by the internal auditing department and management's responses.
20. Review legal and regulatory matters that may have a material impact on the Company's financial statements.
21. Perform such other functions as may be assigned by the Board or as specified in policies adopted or approved by the Board.
22. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Receive reports regarding any violations of the Company's code of business conduct and ethics relating to accounting, financial reporting or internal controls.
23. Review and approve all related party transactions.
24. Evaluate the Audit Committee's own performance annually and report the results of the evaluation to the Board.
25. Review this charter at least annually and update as necessary (with any amendments subject to approval by the Board).

ROLE OF THE AUDIT COMMITTEE

This charter assigns oversight responsibilities to the Audit Committee. Management is responsible for the preparation, presentation and integrity of the Company's financial statements; accounting and financial reporting principles; internal controls; and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.

The members of the Audit Committee are not acting as experts in accounting or auditing and rely without independent verification on the information provided to them and on the representations made by management and the independent auditor. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that the Company's financial statements have been prepared in accordance with generally accepted accounting principles or that the audit of the Company's financial statements by the independent auditor has been carried out in accordance with generally accepted auditing standards.

SOLICITORS, 56695, 00001, 100631114.1, Audit Committee Charter