

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.

Audit and Non-Audit Services: Pre-Approval Policies and Procedures

1. Purpose

Under the Sarbanes-Oxley Act of 2002 (the “Act”) and rules of the Securities and Exchange Commission (the “SEC”) implementing the provisions of the Act, the Audit Committee of the Board of Directors is directly responsible for the appointment, compensation and oversight of the work of the Company’s independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and permissible non-audit services to be performed by the independent auditor. Accordingly, the Audit Committee has adopted these pre-approval policies and procedures, which set forth the conditions pursuant to which audit and non-audit services are to be performed by the independent auditor and the procedures by which such services are to be pre-approved. These policies and procedures provide mechanisms for management to request and obtain pre-approval of audit and non-audit services in an orderly and timely manner with minimal disruption to normal business operations, but do not delegate to management the Audit Committee’s responsibilities to pre-approve services to be performed by the independent auditor.

2. Policies

a. Pre-approval Requirements for Audit and Non-Audit Services

Proposed audit and non-audit services to be provided by the independent auditor must be either (i) specifically pre-approved by the Audit Committee (or its authorized designee); or (ii) pre-approved as part of the annual plan of services to be provided by the independent auditor (the “Annual Plan”).

b. Limits on Approval of Non-Audit Services

The Audit Committee will not approve any non-audit services that are (i) prohibited under the Act or (ii) likely to impair the independence of the independent auditor or are otherwise inconsistent with the SEC’s rules on auditor independence. Specifically, the Audit Committee will not approve any of the following services (“Prohibited Services”), except to the limited extent that certain of such services may be permitted under SEC rules:

- Bookkeeping or other services related to the accounting records or financial statements of the Company
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources
- Broker-dealer, investment adviser, or investment Companying services
- Legal services
- Expert services unrelated to the audit

c. Definition of Audit Services

For purposes of these policies, “audit services” include the audit of the Company’s financial statements and services that are customarily provided by the auditor in connection with statutory and regulatory filings or engagements.

ARRHYTHMIA RESEARCH TECHNOLOGY, INC.

Audit and Non-Audit Services: Pre-Approval Policies and Procedures

3. Procedures

a. Pre-approval of Services and Fees under Annual Plan

Management and the independent auditor shall jointly submit to the Audit Committee a schedule of audit and non-audit services for approval as part of the Annual Plan for each fiscal year. This schedule shall provide a detailed description of each known and/or anticipated type of service that is to be provided by the independent auditor and projected fees and costs (or a range of such fees and costs) for each service.

The Audit Committee will review with management and the independent auditor the proposed types of services and projected fees and costs for the relevant fiscal year, and shall either approve or reject each of the listed services and the projected fees and costs associated with such services.

The Audit Committee will monitor the independent auditor's engagement throughout the year and evaluate and approve, as it deems appropriate from time to time, any changes in the Annual Plan resulting from changes in audit scope, the structure of the Company or other items.

b. Pre-approval of Additional Services and Fees

If, subsequent to the approval of the Annual Plan by the Audit Committee, management determines that it would be in the best interest of the Company for the independent auditor to perform a service not included in the Annual Plan, it shall submit a separate pre-approval request to the Audit Committee, setting forth a description of the service and projected fees and costs (or a range of such fees and costs) for such service.

c. Reports to Audit Committee

Management and the independent auditor will provide to the Audit Committee, at least quarterly, a summary description of services provided by the independent auditor, a year-to-date summary of amounts expended (whether paid or accrued) against the pre-approved budget for such services, and an updated review of services which remain to be provided, together with estimates of amounts to be expended through the end of the fiscal year for such services.

d. Delegation of Pre-Approval Authority

As permitted under the Act, the SEC's rules and the Audit Committee Charter, the Audit Committee may delegate pre-approval authority for audit and non-audit services to a subcommittee consisting of one or more members of the Audit Committee. Management shall report on any pre-approval action taken by such member or members to the full Audit Committee on a quarterly basis at regularly scheduled meetings, for informational purposes only. *AMENDMENT – Mr. Chambers, Chairman of the Audit Committee is the Delegate with approval rights to 15% of annual audit fees for each scope of work.*

4. Exceptions

These policies and procedures shall not apply to the provision of services by the independent auditor under contracts in existence on May 6, 2003, that have not been pre-approved by the Audit Committee as described in Section 3 above; provided, however, that the independent auditor shall in no event provide any Prohibited Services on or after May 6, 2004.