

**CYBERONICS, INC.**  
**AUDIT COMMITTEE CHARTER**  
**(as amended and restated as of March 1, 2011)**

**General Purpose**

The Audit Committee of Cyberonics, Inc. (the “Company”) is appointed by the Board of Directors of the Company (the “Board”) to assist the Board and to perform an oversight function with respect to the following:

- (1) reviewing the Company’s consolidated financial statements and internal controls with management and the independent auditors;
- (2) monitoring actions taken by the Company to comply with its internal accounting and control policies as well as external financial, legal and regulatory requirements;
- (3) monitoring the Company’s internal audit function;
- (4) reviewing the qualifications and independence of the registered public accounting firm engaged for the purpose of auditing our consolidated financial statements and issuing an audit report for inclusion in the Company’s Annual Report on Form 10-K (“independent auditors”); and
- (5) selecting the Company’s independent auditors and evaluating their performance.

**Selection of Members of the Audit Committee**

The Audit Committee shall be comprised of three or more directors, as determined by the Board or the Nominating & Governance Committee of the Board, none of whom shall be an affiliate of the Company or an employee or a person who receives any compensation from the Company other than fees paid for service as a director, and at least one of whom shall qualify as a “financial expert” as defined by the Securities and Exchange Commission (“SEC”). The members of the Audit Committee shall be elected by the Board or the Nominating & Governance Committee of the Board and shall serve until their successors shall be duly elected and qualified. Each member shall be “independent” as defined from time to time by the listing standards of the NASDAQ Stock Market LLC (the “Nasdaq”) and by applicable regulations of the SEC. If the Company’s securities are listed on any other exchange, the Audit Committee shall meet the independence and experience requirements of such exchange. Each member of the Audit Committee shall be financially literate and must meet such other qualifications as may be established by the Nasdaq and the SEC.

**Accountability of the Independent Auditors**

The independent auditors are accountable to the Audit Committee. The Audit Committee shall have the sole authority and responsibility with respect to the selection, engagement, compensation, oversight, evaluation and where appropriate, dismissal of the Company’s independent auditors.

**Authority and Responsibilities of the Audit Committee**

The Audit Committee has the authority, at the Company’s expense, to retain professional advisors, including without limitation special legal, accounting or other consultants, to advise the Audit Committee, as the Audit Committee deems necessary or advisable in connection with the exercise of its powers and responsibilities as set forth in this Audit Committee Charter, all on such terms as the Audit Committee deems necessary or advisable.

The Audit Committee may require any officer or employee of the Company or its subsidiary, the Company’s outside legal counsel or the Company’s independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall be responsible for the resolution of any disagreements between the independent auditors and management regarding the Company's financial reporting.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors employed by the Company for the purpose of rendering or issuing an audit report and to any advisers employed by the Audit Committee.

The Audit Committee should meet at least quarterly with management, internal audit and the independent auditor in separate executive sessions to discuss any matter that the Audit Committee or any of these groups believes should be discussed privately. The Audit Committee shall make regular reports to the Board.

In connection with the general purpose, powers and responsibilities set forth above, the Audit Committee shall also:

#### Independent Auditor

1. Appoint and approve the fees to be paid to the independent auditor, which firm is ultimately accountable to the Audit Committee.
2. Annually review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor. Evaluate the performance of the independent auditor and replace the independent auditor if appropriate.
3. Review and approve the plan and scope of the audit, non-audit services and the fees to be paid for such services.
4. Review and approve the Company's hiring of employees of the independent auditor who were engaged on the Company's account.
5. Receive periodic reports from the independent auditor regarding the auditor's independence consistent with rules adopted by the Public Company Accounting Oversight Board and the Securities and Exchange Commission ("SEC"), discuss such reports with the auditor and take appropriate action to oversee the auditor's independence.

#### Financial Statements

6. Review with management and the independent auditor the Company's quarterly or annual consolidated financial information prior to the filing of the Company's Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, or prior to the release of earnings and meet at least quarterly with the Chief Financial Officer and the independent auditor in separate executive sessions.
7. Discuss and review with the independent auditor issues on which it has consulted with its national office of the independent auditor.
8. Review and discuss with management and the independent auditor the annual audited consolidated financial statements, including major issues regarding accounting and auditing principles and practices, as well as the adequacy of internal controls that could significantly affect the Company's consolidated financial statements. Based on the foregoing review, make its recommendation to the Board as to the inclusion of the Company's annual consolidated financial statements in the Company's Annual Report on Form 10-K.
9. Review with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's consolidated financial statements, including a review of the effect of alternative generally accepted accounting principles

("GAAP") methods on the Company's consolidated financial statements when new material procedures, transactions or policies are adopted or approved or changes are made to material procedures or policies and a description of any transactions as to which management obtained Statement on Auditing Standards No. 50 letters.

10. Review with management, the independent auditor and counsel, as appropriate, the effect of financial, regulatory and accounting initiatives and related disclosure requirements. Discuss the impact of off-balance sheet structures, if any, on the Company's consolidated financial statements.
11. Meet periodically with management to review the Company's major financial risk exposures, including risk exposures of the type disclosed in connection with the Company's discussion of quantitative and qualitative market risks in its Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K, and the steps management has taken to monitor and control such exposures.
12. Review major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management.
13. Review with the Company's Chief Financial Officer and the independent auditor that nothing has come to their attention that would lead them to believe that the Company's foreign subsidiary and foreign affiliated entities are not in conformity with applicable legal requirements, including disclosures of insider and affiliated party transactions.
14. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the Company's audit.
15. Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints, whistleblower notifications or published reports that raise material issues regarding the Company's consolidated financial statements, accounting policies or internal controls.
16. Review with the independent auditor any problems or difficulties the auditor may have encountered, including:
  - (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with management; and
  - (b) any changes required in the planned scope of the audit.
17. Monitor actions taken by the Company in response to any internal control letters or other reports to management provided by the internal auditors or independent auditors.
18. Review the Company's policies with respect to conflicts of interest.
19. Review and approve all related-party transactions.
20. Review and approve the report of the Audit Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

#### Internal Audit

21. Review and approve the hiring, reassignment or dismissal of the Director of Internal Audit. The Director of Internal Audit will report to the Audit Committee. The Chief Financial Officer will have day-to-day administrative responsibility for the Director of Internal Audit.

22. Review and approve an annual audit plan prepared by the Director of Internal Audit regarding objectives, organizational structure, qualifications and staffing of the internal audit department. Review and approve any major changes to the scope of the internal audit plan.
23. Review the annual budget for Internal Audit to assure that it contains resources necessary to complete the annual audit plan.
24. Discuss with the Director of Internal Audit any significant uncorrected failures of internal control, improper conduct or other significant financial or accounting matters that, in the opinion of the Director of Internal Audit, are not receiving adequate management attention.

#### Ethical and Legal Compliance

25. Review with management, the internal auditors and the independent auditors the Company's policies and procedures regarding compliance with its internal policies, as well as applicable laws and regulations, including without limitation with respect to maintaining books, records and accounts and a system of internal accounting controls in accordance with Section 13(b)(2) of the Securities Exchange Act of 1934, as amended.
26. Establish procedures for (a) the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls and auditing matters and (b) the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
27. Review any disclosures provided by the Chief Executive Officer or the Chief Financial Officer to the Audit Committee regarding (a) significant deficiencies in the design or operation of internal controls that could adversely affect the Company's ability to record, process, summarize and report financial data and (b) any fraud, including that which involves management or other employees who have a significant role in the Company's internal controls.
28. Investigate at its discretion any matter brought to its attention by, without limitation by enumeration, reviewing the Company's books, records and facilities and interviewing Company officers or employees.
29. Review with the Company's General Counsel and Compliance Officer legal and compliance matters that may have a material impact on the consolidated financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
30. Inquire of the independent auditor whether any violation of Section 10A (relating to the detection of illegal acts that may have a direct and material effect on the determination of financial statement accounts) of the Securities Exchange Act of 1934, as amended, has been detected.
31. Review the appointment and any replacement of the Chief Financial Officer.

#### General

32. Review and reassess the adequacy of this Audit Committee Charter annually and recommend any proposed changes to the Board for approval.
33. Conduct an annual self-evaluation of Audit Committee organization and operation.
34. Perform any other activities consistent with this Audit Committee Charter, the Company's Certificate of Incorporation and Bylaws, listing standards of the Nasdaq and governing law as the Audit Committee or the Board deems necessary or appropriate.

**Limitation on Responsibilities and Powers**

While the Audit Committee has the responsibilities and powers set forth above in this Audit Committee Charter, it is not the duty or responsibility of the Audit Committee to plan or conduct audits of the Company's consolidated financial statements and internal controls or to determine that the Company's consolidated financial statements are complete and accurate and are in accordance with GAAP. These activities shall remain the responsibility of management and the independent auditor.