

**CHARTER AND POWERS OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF WINDTREE THERAPEUTICS, INC.
Adopted March 21, 2014**

The membership of the Audit Committee of the Board of Directors (the “Audit Committee”) of Windtree Therapeutics, Inc. (the “Company”) shall consist of at least three independent members of the Board of Directors (as defined under the Nasdaq Stock Market Listing Requirements, the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission (the “SEC”) promulgated thereunder), who shall serve at the pleasure of the Board of Directors.

Members of the Audit Committee may not participate in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All members of the Audit Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, statement of income and statement of cash flows, in compliance with the rules of the NASDAQ Stock Market (“Nasdaq”). In addition, at least one member of the Audit Committee shall be designated an “audit committee financial expert,” as defined under SEC rules, and have such accounting or related financial management expertise as are required by the rules of Nasdaq.

The primary purpose of the Audit Committee shall be to assist the Board of Directors in fulfilling its oversight responsibilities relating to the accounting, reporting and financial practices of the Company, and its compliance with the all related legal and regulatory requirements, including oversight of:

- the maintenance by management of the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company;
- the establishment and maintenance by management of processes to assure that an adequate system of internal control is functioning within the Company;
- the establishment and maintenance by management of processes to assure compliance by the Company with all applicable laws, regulations and Company policy;

The Audit Committee shall have the following specific powers and duties:

1. Holding such regular meetings as may be necessary and such special meetings as may be called by the Chairman of the Audit Committee or at the request of the independent accountants;
2. Bearing responsibility for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest

services, and each such registered public accounting firm must report directly to the audit committee;

3. Ensuring its receipt from the independent accountants of a formal written statement delineating all relationships between the independent accountants and the Company, consistent with the listing requirements of Nasdaq and the rules of the SEC;

4. Actively engaging in a dialogue with the independent accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent accountants and taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the outside auditor;

5. Selecting, evaluating and, where appropriate, replacing the independent auditors (or nominating independent auditors) to be proposed for shareholder approval in any proxy statement, which independent auditors shall ultimately be accountable to the Board of Directors and the Audit Committee;

6. Conferring with the independent accountants and the internal auditors concerning the scope of their examinations of the books and records of the Company and its subsidiaries; reviewing and approving the independent accountants' annual engagement letter; reviewing and approving the Company's internal annual audit plans and procedures; and authorizing the auditors to perform such supplemental reviews or audits as the Committee may deem desirable;

7. Reviewing with management the independent accountants' and internal auditors' significant risks and exposures, audit activities and significant audit findings;

8. Reviewing the range and cost of audit and non-audit services performed by the independent accountants;

9. Reviewing the Company's audited annual financial statements and the independent accountants' opinion rendered with respect to such financial statements, including reviewing the nature and extent of any significant changes in accounting principles or the application thereof;

10. Reviewing the adequacy of the Company's systems of internal control, including procedures related to executive travel and entertainment;

11. Obtaining from the independent accountants and internal auditors their recommendations regarding internal controls and other matters relating to the accounting procedures and the books and records of the Company and its subsidiaries and reviewing the correction of controls deemed to be deficient;

12. Providing an independent, direct communication between the Board of Directors, internal auditors and independent accountants;

13. Reviewing the programs and policies of the Company designed to ensure compliance with applicable laws and regulations and monitoring the results of these compliance efforts;

14. Reporting to the Chairman of the Board of Directors the results of the meetings of the Audit Committee;

15. Reviewing the powers of the Audit Committee, including this charter, annually and reporting and making recommendations to the Board of Directors on these responsibilities;

16. Conducting or authorizing investigations into any matters within the Audit Committee's scope of responsibilities;

17. Establishing procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

18. Engaging independent counsel and other advisers, as it determines necessary to carry out its duties, and ensuring that the Company provides appropriate funding for payment of external accountants, auditors, advisers employed by the Audit Committee, as well as other necessary or appropriate expenses;

19. Obtaining regular updates from management and Company counsel regarding compliance matters and legal matters that may have a significant impact on the financial statements and related disclosures or the Company's compliance policies; and

20. Considering such other matters in relation to the financial affairs of the Company and its accounts, and in relation to the internal and external audit of the Company as the Audit Committee may, in its discretion, determine to be advisable.