

COSTAMARE INC.

MARSHALL ISLANDS

AUDIT COMMITTEE CHARTER

The purpose of this Charter is to set forth the composition, duties and responsibilities of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Costamare Inc. (the “Company”).

I. Committee Purpose

The Committee is appointed by the Board to assist the Board in fulfilling its responsibilities.

The Committee’s primary duties and responsibilities are to:

- Monitor the integrity of the Company’s financial statements and systems of internal controls regarding finance, accounting, legal and regulatory compliance.
- Monitor the independence, qualifications and performance of the Company’s independent registered public accounting firm.
- Monitor the performance of the internal auditing department.
- Exercise sole authority for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm.
- Foster open communication by meeting periodically and separately as needed with the Company’s independent registered public accounting firm, management, the internal auditing department and the Board.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent registered public accounting firm as well as all employees of the Company. The Committee has the ability to retain, at the Company’s expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties. The Company shall provide for appropriate funding, as determined by the Committee, for payment of the expenses of the Committee that are necessary or appropriate in carrying out its duties.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Management is responsible for the Company's financial reporting process including its system of internal control over financial reporting and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States ("GAAP") and for the report on the effectiveness of the Company's internal control over financial reporting. The independent registered public accounting firm is responsible for expressing an opinion based upon its audits of the consolidated financial statements, management's assessment of the effectiveness of the Company's internal control over financial reporting and the effectiveness of the Company's internal control over financial reporting. The responsibility of the Committee is to oversee these processes. It is not the duty or the responsibility of the Committee to conduct auditing and accounting reviews or procedures. The Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's consolidated financial statements are presented in accordance with GAAP, that the Company maintained effective internal control over financial reporting, that the audit of the Company's consolidated financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board or that the Company's independent registered public accounting firm is in fact "independent".

II. Committee Composition

The Committee shall be comprised of two or more members of the Board, each of whom shall be an independent director within the meaning of the applicable rules of the Securities and Exchange Commission ("SEC") and the listing standards of the New York Stock Exchange. The members shall be appointed by the Board annually. The chair shall be selected by the members of the Committee. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand financial statements.

III. Meeting Schedule

The Committee shall meet as often as it may deem necessary and appropriate in its judgment, but in no event fewer than four times per year. A majority of the members (or if there are only two members, both members) shall constitute a quorum. The chair may call special meetings as circumstances require. In the absence of the chair, the members of the Committee may designate a chair for the meeting by vote of a majority of the members present.

The Committee shall meet with the independent registered public accounting firm, the personnel responsible for the Company's internal audit function and management in separate meetings, as often as it deems necessary.

IV. Committee Responsibilities and Duties

A. Review Procedures

The Committee shall:

1. Review and discuss with management and the independent registered public accounting firm (i) the Company's consolidated financial statements to be included in the Company's annual and any other periodic reports, (ii) the accompanying disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and (iii) other financial disclosures in such reports, prior to the filing of such reports with the SEC.
2. Recommend to the Board whether the audited consolidated financial statements and management's report on the effectiveness of the Company's internal control over financial reporting should be included in the Company's Annual Report on Form 20-F.
3. In consultation with management, the independent registered public accounting firm and the internal auditors, consider the integrity of the Company's financial statements and internal control over financial reporting. In addition, the Committee shall discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. In addition, the Committee shall review significant findings prepared by the independent registered public accounting firm and the internal auditing department together with management's responses.
4. Oversee the Company's disclosure controls and procedures and internal control over financial reporting and, where applicable, oversee the correction of internal control deficiencies by management and address any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other employees that is reported to the Committee. In addition, the Committee shall review and discuss management's report on the effectiveness of the Company's internal control over financial reporting and the independent registered public accounting firm's report on management's assessment of the effectiveness of the Company's internal control over financial reporting and on the effectiveness of the Company's internal control over financial reporting.
5. Review with management and the independent registered public accounting firm the types of information to be disclosed and the types of presentation to be made in the Company's earnings press releases, in the financial information and the earnings guidance provided to analysts and rating agencies.

6. Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the consolidated financial statements.
7. Discuss the Company's policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them.
8. Review and discuss with management all Section 302 and 906 certifications required by the Sarbanes-Oxley Act.

B. Independent Registered Public Accounting Firm

The Committee shall:

1. Have sole authority for the appointment, compensation, retention and oversight of the work of the Company's independent registered public accounting firm. The independent registered public accounting firm shall report directly to the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent registered public accounting firm.
2. Review and approve in advance the retention of the independent registered public accounting firm for the performance of all audit and lawfully permitted non-audit services. The chair of the Committee or, in the absence of the chair, any member of the Committee designated by the chair shall have authority to approve in advance any lawfully permitted non-audit services. Approval of lawfully permitted non-audit services may be pursuant to appropriate policies and procedures established by the Committee for the pre-approval of such services. Any non-audit services that are approved by a designee of the Committee shall be reported to the full Committee at its next regularly scheduled meeting.
3. At least annually (i) obtain and review a report by the independent registered public accounting firm describing: (a) the independent registered public accounting firm's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review or peer review of the independent registered public accounting firm or by any inquiry or investigation by governmental or professional authorities or a private sector regulatory body, within the preceding five years, respecting one or more independent audits performed by the independent registered public accounting firm and any steps taken to deal with any such issues; and (c) in order to assess the independent registered public accounting firm's independence, all relationships between the independent registered public accounting firm and the Company; and (ii) discuss such independence with the independent registered public accounting firm.

4. Review periodically any reports prepared by the independent registered public accounting firm and provided to the Committee relating to significant financial reporting issues and judgments including, among other things, the Company's selection, application and disclosure of critical accounting policies and practices, all alternative treatments, assumptions, estimates or methods that have been discussed with management, including the ramifications of such treatments and the treatment preferred by the independent registered public accounting firm and any other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.
5. Review the independent registered public accounting firm's audit plan and discuss scope, staffing allocations, reliance upon management and internal audit and the general audit approach.
6. Prior to the announcement of the Company's year-end earnings, discuss the results of the audit with the independent registered public accounting firm, including any audit problems or difficulties such as any restrictions on the scope of the independent registered public accounting firm's activities or on access to requested information and management's response thereto. Discuss with the independent registered public accounting firm any other matters required to be brought to the Committee's attention under applicable auditing standards and resolve any disagreements between the independent registered public accounting firm and management.
7. Consider the independent registered public accounting firm's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

C. Management Letter

The Committee shall review the independent registered public accounting firm's annual letter to management regarding internal controls and suggestions for improvements in financial or operating matters. The Committee shall require management to prepare a response to such letter for review by the Committee.

D. Internal Audit Department and Legal Compliance

1. The Committee shall:
 - a. Review the budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit department, as needed.
 - b. Review the appointment, performance and replacement of the senior internal audit executive.

- c. Review significant reports prepared by the internal audit department together with management's response and follow-up on these reports.
 - d. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the Company's consolidated financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.
2. The Internal Audit Department shall report to the Committee functionally and the Chief Executive Officer administratively.

E. Other Committee Responsibilities

The Committee shall:

1. Establish procedures for the consideration of all related-party transactions, including matters involving potential conflicts of interest or potential usurpations of corporate opportunities.
2. Establish clear hiring policies, compliant with governing laws and regulations, for employees or former employees of the independent registered public accounting firm.
3. Perform a self-assessment and report, as appropriate, to the Board on an annual basis.
4. 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 Company employees of concerns regarding questionable accounting or auditing matters.
5. Annually prepare any report to stockholders that may be required by the SEC's rules and regulations or the listing criteria of the New York Stock Exchange to be prepared by the Committee.
6. Maintain minutes of meetings and regularly report to the Board regarding the execution of its duties and responsibilities. The minutes of all meetings should be available to the Board.
7. Annually review and revise this Charter as necessary with approval of the Board to ensure that the composition of the Committee and the responsibilities and powers of the Committee comply with applicable laws and stock exchange rules.

8. Perform any other activities consistent with this Charter, the Company's code of business conduct and ethics, articles of incorporation and bylaws and governing law, as the Committee or the Board deems necessary or appropriate.