

KEYNOTE SYSTEMS, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF

I. Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Keynote Systems, Inc. (the "Company") is to assist the Board in fulfilling its statutory and fiduciary oversight responsibilities relating to the Company's financial accounting, reporting and controls. The Committee's principal functions are to:

- oversee all aspects of the Company's financial accounting, audit and reporting functions, including the disclosure controls and procedures and internal controls and procedures relating thereto;
- monitor the periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal control that are conducted by the Company's independent auditors, the Company's financial and senior management;
- appoint independent auditors to audit the Company's financial statements and review and evaluate the qualifications, independence and performance of the Company's independent auditors
- pre-approve all audit and non-audit services to be provided by the Company's independent auditors and audit firms;
- annually prepare a report to the Company's stockholders for inclusion in the Company's annual proxy statement if and as required by the rules and regulations of the Securities and Exchange Commission, as they may be amended from time to time;
- facilitate communication among the Company's independent auditors, the Company's financial and senior management, and the Board; and
- provide to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

The Committee will fulfill these functions primarily by carrying out the activities enumerated in Part IV of this charter. In order to serve these functions, the Committee shall have unrestricted access to Company personnel and documents, and shall have authority to direct and supervise an investigation into any matters within the scope of this charter, including the power to direct Company personnel to conduct investigations on its behalf and to retain outside counsel and other advisors in connection with any such investigation. The Company shall provide appropriate funding to the Committee, as determined by the Committee, for payment of compensation to (i) the independent auditors for the purpose of rendering or issuing an audit report and (ii) to any outside advisors employed by the Committee pursuant to this charter.

II. Membership

All members of the Committee will be appointed by, and shall serve at the discretion of, the Board. Unless a chair of the Committee is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall consist of three or more members of the Board, with the exact number being determined by the Board. Each member of the Committee shall be "independent" as defined by the rules and regulations of the Securities and Exchange Commission and of The Nasdaq Stock Market, as they each may be amended from time to time (the "Rules"). Each member of the Committee shall have the ability to read and understand fundamental financial statements and at least one member shall have such financial expertise as is required by the Rules.

III. Meetings

Meetings of the Committee shall be held at least quarterly and more frequently as determined to be appropriate by the Board and/or the members of the Committee. The Committee should periodically meet with the independent auditors out of the presence of management to discuss: internal controls, the completeness and accuracy of the Company's financial statements, critical accounting policies, alternative treatments under generally accepted accounting policies, and any other matters that the Committee or these groups believe should be discussed privately with the Committee. The Committee members, or the Chair of the Committee on behalf of all of the Committee members, should communicate with management and the independent auditors on no less frequently than a quarterly basis in connection with their review of the Company's financial statements.

IV. Responsibilities and Duties

The following shall be the principal recurring processes of the Committee in carrying out its oversight responsibilities. These processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

1. Review the Company's quarterly and annual financial information and statements contained in periodic reports filed with the Securities and Exchange Commission, including any report or opinion by the independent auditors and delivered to the Company, prior to distribution to the public or filing with the Securities and Exchange Commission.
2. In connection with the Committee's review of the annual financial statements:
 - Discuss with the independent auditors and management the financial statements and the results of the independent auditors' audit of the financial statements.
 - Discuss any items required to be communicated by the independent auditors in accordance with SAS 61, as amended. These discussions should include the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles, the reasonableness of significant judgments, management's assessment of the Company's internal controls and procedures, the clarity of the disclosures in the Company's financial statements and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, or any significant disagreements among management and the independent auditors.
3. In connection with the Committee's review of the quarterly financial statements:
 - Discuss with the independent auditors and management the financial statements and the results of the independent auditors' SAS 71 review of the quarterly financial statements.
 - Discuss significant issues, events, transactions, any changes regarding the Company's internal controls and procedures, any changes regarding the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the Company's financial statements and any significant difficulties encountered during the course of the review, including any restrictions on the scope of work or access to required information or any significant disagreements among management and the independent auditors.
 - Discuss with management any fraud or significant deficiencies in the design or operations of the Company's internal controls discovered by management during the quarter.
4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Review the Management's Discussion and Analysis section of the Company's Forms 10-Q and 10-K, and where appropriate, registration statements under the Securities Act of 1933, including estimates and critical accounting policies required to be disclosed in the Company's periodic reports, prior to filing with the SEC and discuss with management and the independent auditors.
6. Review and discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
7. Discuss any comments or recommendations of the independent auditors outlined in any management letter or other significant communication with management of the Company. Approve a schedule for implementing any recommended changes and monitor compliance with the schedule.
8. Review the reports that are required to be delivered by the independent auditors addressing: (i) all critical accounting policies, estimates and practices used; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of each alternative and the treatment preferred by the independent auditors.
9. Direct and discuss with the independent auditors and management their periodic reviews of the adequacy of the Company's accounting and financial reporting processes and systems of internal control, including the adequacy of the systems of reporting to the Committee by each group.
10. Periodically consult with the independent auditors out of the presence of management about internal controls, the fullness and accuracy of the Company's financial statements and any other matters that the Committee or these groups believe should be discussed privately with the Committee.
11. Appoint and, where appropriate, replace the independent auditors. Review the independence, performance, experience, and qualifications of the independent auditors.

12. Communicate with the Company's independent auditors about the Company's expectations regarding its relationship with the auditors, including the following: (i) the independent auditors' ultimate accountability to the Board and the Committee, as representatives of the Company's stockholders; and (ii) the ultimate authority and responsibility of the Board and the Committee to select, evaluate and, where appropriate, replace the independent auditors.
13. Review and approve processes and procedures to ensure the continuing independence of the Company's independent auditors. These processes shall include obtaining and reviewing, on an annual basis, a letter from the independent auditors describing all relationships between the independent auditors and the Company required to be disclosed by Independence Standards Board Standard No. 1, reviewing the nature and scope of such relationships and discontinuing any relationships that the Committee believes could compromise the independence of the auditors.
14. Resolve any disagreements between management and the independent auditors regarding financial reporting.
15. Pre-approve all audit and non-audit services to be provided by independent auditors and audit firms, including review of the independent auditors' audit plan, proposals for services and approval of all fees and other compensation to be paid to the independent auditors. The Committee may delegate the authority to grant such pre-approvals to one or more members of the Committee, provided that the pre-approval decision and related services are presented to the Committee at its next regularly scheduled meeting.
16. Periodically review the status of any legal or regulatory matters that could have a significant impact on the Company's financial statements.
17. Annually prepare a report to the Company's stockholders for inclusion in the Company's annual proxy statement as required by the rules and regulations of the Securities and Exchange Commission, as they may be amended from time to time.
18. Maintain minutes of meetings and periodically report to the Board of Directors on significant matters related to the Committee's responsibilities.
19. Establish procedures to receive and process complaints regarding accounting, internal auditing controls or auditing matters, and for employees to make confidential, anonymous complaints regarding questionable accounting or auditing matters and review and investigate such complaints as the Committee deems appropriate.
20. Review and reassess the adequacy of the Committee's charter at least annually. Submit the charter to the Company's Board of Directors for review and include a copy of the charter as an appendix to the Company's proxy statement as required by the rules and regulations of the Securities and Exchange Commission, as they may be amended from time to time (currently, once every three years).
21. Review and reassess the adequacy of the Company's Code of Business Conduct and Ethics at least annually after its adoption by the Board. Review the Company's monitoring of compliance with its Code of Business Conduct and Ethics.
22. Review and approve all transactions between the Company and any related party, as required by the rules of the Nasdaq Stock Market, as amended from time to time.
23. Perform any other activities required by applicable law, rules or regulations, including the rules of the Securities and Exchange Commission and the Nasdaq Stock Market, and perform other activities that are consistent with this charter, the Company's Bylaws and governing laws, as the Committee or the Board deems necessary or appropriate.