

KEYNOTE SYSTEMS, INC.

CORPORATE GOVERNANCE GUIDELINES

Adopted July 22, 2005

These guidelines and principles have been adopted by the Board of Directors (the “Board”) of Keynote Systems, Inc. (the “Company”) to assist it in following corporate practices that serve the best interests of the Company and its stockholders.

1. Selection of Chairman and CEO

The Board should fill each of these positions based upon what the Board determines to be in the best interests of the Company, including selection of a single person to fill both positions.

2. Lead Director

If the Chairman is also the CEO, then the Board will annually designate an independent director to serve as “Lead Director.” Except as otherwise deemed appropriate by the Board, the Lead Director will have the following responsibilities: (i) coordinating the activities of the independent directors, including scheduling and establishing agendas for meetings of the independent directors; (ii) serving as a liaison between the CEO and the independent directors; and (iii) presiding over meetings at which the Chairman is not present, including executive sessions of the independent directors. All members of the Board are encouraged to communicate from time to time with the CEO.

3. Committees

*The Board has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee (“**Governance Committee**”). Each committee should consist solely of independent directors. The Board may establish additional committees.*

4. Committee Member Selection

The members and chairs of each Committee will be appointed or re-appointed by the full Board upon recommendation by the Governance Committee at the first Board meeting following the Annual Meeting of Stockholders. Although composition of the committees will be reviewed annually, it is the Board’s current belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management.

5. Committee Charters and Agendas

Each standing committee shall have its own written charter, approved by the Board which will set forth the principles, policies, objectives and responsibilities of the committee. Annually, the chairman of each committee should review the existing committee charter and determine, in consultation with the rest of the committee, whether any amendments should be recommended to the Board. Any committee of the Board is authorized to engage its own outside advisors at the Company’s expense, including legal counsel or other consultants, as required.

6. Committee Meetings

The number and content of committee meetings and means of carrying out committee responsibilities will be determined by each committee in light of its charter, the authority delegated by the Board to the committee and the legal, regulatory, accounting and governance principles applicable to the committee's function. The agendas and meeting minutes of the committees will be shared with the full Board.

7. Related and Interested Party Transactions

The Audit Committee will review and approve in advance any proposed related party transactions in compliance with The Nasdaq Stock Market, Inc. Marketplace Rules (the "Nasdaq Rules"). The Governance Committee will: review and monitor the Company's code of business conduct and ethics and financial code of ethics for its senior financial officers, which may be included as part of the Company's code of business conduct and ethics; consider questions of possible conflicts of interest of Board members and of corporate officers; and review actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers. Directors may be asked from time to time to leave a Board meeting when the Board is considering a transaction in which the director (or another organization in which the director is a director, officer or significant stakeholder) has a financial or other interest.

8. Selection of Agenda Items for Board Meetings

The Chairman (in consultation with the Lead Director) will set the agenda for each Board meeting. Each Board member is encouraged to suggest items for inclusion on the agenda.

9. Board Materials Distributed in Advance

An agenda for each Board meeting, along with information and data important to the Board's understanding of matters to be discussed at a meeting and the current status of the Company's business, should be distributed to directors in advance of the meeting so that directors may read the materials and prepare for the meeting. Additional matters may be discussed at a meeting without advance distribution of written materials, as appropriate.

10. Board, Committee and Stockholder Meetings

Directors are expected to devote sufficient time and attention to prepare for, attend and participate in all Board meetings and meetings of committees on which they serve. Directors are encouraged, but not required, to attend the Company's annual meeting of stockholders.

11. Board Access to Company Information and Employees

The Company's management will afford each Board member full access to members of management, either as a group or individually, other employees, outside auditors, legal counsel and other professional advisors, and to Company information that the independent directors believe is necessary to fulfill their responsibilities as directors. It is anticipated that certain members of management (e.g., the Chief Financial Officer and such other members of the executive staff as the CEO may from time to time designate) will attend Board meetings on a regular basis. Specifically, the Board encourages management to schedule managers to be

present at Board meetings who can provide additional insight into the items being discussed because of their expertise or personal involvement in these areas.

12. Executive Sessions of Independent Directors

The independent directors will regularly convene executive sessions in which management does not participate. The Lead Director has authority to call meetings of the independent directors.

13. Size of the Board

The current size of the board is seven members. Board size should facilitate active interaction and participation by all Board members and may to some extent reflect the availability of particular candidates with expertise of value to the Company. The Board, in consultation with the Governance Committee, will review the appropriate size of the Board from time to time and may increase or decrease its size to promote the overall effectiveness of the Board.

14. Composition of Board; Board Membership Criteria and Selection

The Board believes that a substantial majority of directors should meet the director independence requirements of the Nasdaq Rules. The Governance Committee will review on an annual basis, in the context of recommending a slate of directors for stockholder approval, the composition of the Board, including issues of character, judgment, diversity, age, expertise, corporate experience, length of service, independence, other board commitments and the like. It is the policy of the Board that every director must notify the Board and the Governance Committee prior to accepting any invitation to serve on another corporate board. Selection of new directors requires recommendation of a candidate by the Governance Committee to the full Board, which has responsibility for naming new members in the event of a vacancy or expansion of the Board between annual meetings of stockholders, at which time the election of all directors is submitted for stockholder approval.

15. Assessing the Board's Performance

At the end of each fiscal year, the Board, led by the Governance Committee, will evaluate and assess the performance of the Board and its committees. As part of this process, directors will conduct self evaluations, which will be submitted to the Governance Committee, which will report the results to the Board for discussion.

16. Board Compensation Review

The Compensation Committee should regularly conduct a review of director compensation and periodically consult with outside consultants in order to evaluate director compensation as compared to peer companies.

17. Term Limits

Directors stand for re-election every year. Although the Board does not believe it should establish term limits or mandatory retirement ages for directors, the Governance Committee will review each director's continuation on the Board prior to his or her nomination.

18. Director Orientation and Continuing Education

Meetings of the Board shall be designed to provide orientation for new directors to assist them in understanding the Company's business. The Company encourages directors to participate in continuing education programs and will reimburse directors for reasonable expenses associated with such programs.

19. Formal Evaluation of Officers

The formal evaluation of the performance of the Chief Executive Officer should be made in the context of annual compensation review by the Compensation Committee, with appropriate input from other Board members, and should be communicated to the CEO by the chairman of the Compensation Committee. In consultation with the CEO, the Compensation Committee will also review the performance of each other executive officer in connection with the determination of the salary and bonus for those officers, and will report on these performance evaluations to the Board.

20. Succession Planning

The Nominating and Governance Committee, in consultation with the full Board, is primarily responsible for CEO succession planning. In addition, it will monitor management's succession plans for other key executives and leadership development programs.

21. Corporate Communications

The Board believes that executive management has the primary responsibility to communicate with investors, the press, employees and other constituencies involved with the Company, and to set policies for those communications. Stockholders may communicate with the Board or any individual director by writing to them c/o Keynote Systems, Inc., 777 Mariners Island Boulevard, San Mateo, CA 94404. In the case of communications from stockholders and others directed to the non-management directors, the Lead Director shall facilitate review of and response to such communications by informing the Governance Committee (or such other committee or independent directors as may be appropriate) of the communications and that committee or the independent directors shall determine how the communications should be addressed.

22. Periodic Review of Guidelines

The Governance Committee will review these guidelines annually and will recommend any changes to the Board for approval.