

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF
NCI, INC.**

1. DEFINITIONS

When used herein, the following terms shall have the meanings set forth below:

- (a). “Audit Committee” means that certain committee of the Board established at a meeting of Board, having such attributes, duties and responsibilities as set forth in this Charter.
- (b). “Board” means the Board of Directors of the Corporation.
- (c). “Charter” means this Charter of the Audit Committee of the Board of Directors of NCI, Inc., as amended from time to time.
- (d). “Committee” means the Audit Committee.
- (e). “Corporation” means NCI, Inc. a Delaware corporation.
- (f). “Independent Director” shall have the meaning defined or construed from time to time in the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (the “Exchange Act”), the rules and regulations of the Nasdaq Stock Market or any other exchange on which the Corporation’s common stock may be listed.

2. COMPOSITION

The Audit Committee shall be composed of such number of Independent Directors, but in no event less than three (3), as shall be determined by the Board from time to time. No person who is not an Independent Director shall be eligible to serve on the Audit Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices and shall be able to read and understand fundamental financial statements. In addition, at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in financial sophistication. Committee members may enhance their familiarity with finance and accounting by participating in educational programs. One member of the Committee shall also be an “audit committee financial expert” as such term is defined in the Exchange Act.

Prior to approving a director’s appointment to the Committee, the Board shall have determined, upon the advice of the Corporate Governance Committee of the Corporation (“Governance Committee”): (a) that such director is an Independent Director; (b) in the exercise of its business judgment, that such director has the requisite

financial and accounting knowledge to serve on the Committee; and (c) whether such director qualifies as an “audit committee financial expert.”

No member of the Committee shall simultaneously serve on the audit committee of more than two (2) public companies (excluding service on the Audit Committee of the Corporation) unless the Board has made a determination that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

The Governance Committee shall recommend to the full Board for its approval: (a) which directors should serve on the Committee; (b) who shall serve as chairman of the Committee; (c) whether additional directors should be appointed to the Committee; and (d) whether any directors should be removed from the Committee. If a Chairman is not elected by the full Board, the members of the Committee may (but shall not be required to) designate a Chairman by majority vote of the full Committee membership.

3. PURPOSE

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and improving, as necessary:

- (a). The financial reports and other financial information provided by the Corporation to the public or any governmental authority or agency;
- (b). The Corporation’s systems of internal control over financial reporting, as established by the Board and management of the Corporation; and
- (c). The Corporation’s auditing, accounting and financial reporting processes generally.

4. DUTIES AND RESPONSIBILITIES

Consistent with the foregoing purpose, the Audit Committee shall encourage continuous improvement of, and shall foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- (a). Serve as an independent and objective party to monitor the Corporation’s financial reporting processes and internal control over financial reporting ;
- (b). Review and appraise the audit efforts of the Corporation’s registered independent public accounting firm (“independent auditor”); and internal auditing personnel; and
- (c). Provide an open channel of communication among the independent auditor, financial and senior management, the internal auditing personnel, and the Board.

In furtherance of the foregoing duties and responsibilities, the Audit Committee is specifically authorized, empowered and directed to:

- (1). Review and update this Charter from time to time, but not less than annually, as conditions dictate.

- (2). Review the Corporation's annual financial statements and if so determined by the Committee, recommend to the Board that such financial statements be included in the Corporation's annual report on Form 10-K.
- (3). Prepare the Committee report to be included in the Company's annual proxy statement.
- (4). Review reports submitted to the Securities and Exchange Commission, any comparable state regulatory agency, or any listing agency on which the Corporation's stock is listed, which include financial information that is subject to any certification, report, opinion, or review rendered by the Corporation's independent auditor.
- (5). Review with financial management and the independent auditor the Corporation's financial results and statements, including the disclosure in "Management's Discussion and Analysis of Financial Condition and Results of Operations," in the Corporation's Forms 10-Q and 10-K and the required Chief Executive Officer and Chief Financial Officer certifications of such filings, prior to their filing with the SEC.
- (6). Review, prior to announcement or distribution to the public, including analysts or rating agencies, Corporation earnings releases and earnings guidance. The Chairman of the Committee may represent the entire Committee for purposes of this review
- (7). Appoint, approve compensation, retain and oversee the work of the independent auditor, considering such factors as independence, qualifications and effectiveness. Such independent auditor is ultimately accountable to, and must report directly to, the Committee. On an annual basis, the Committee shall review and discuss with the independent auditor all significant relationships the independent auditor has with the Corporation to determine the independent auditor's independence.
- (8). Pre-approve all auditing and appropriate non-auditing services proposed by the independent auditor. The Committee may designate to one or more members of the Committee the authority to grant such pre-approvals for non-auditing services.
- (9). Ascertain whether any proposed service to be provided by the independent auditor is inappropriate or unlawful. Examples of such unlawful or inappropriate activities shall include the following: (i) bookkeeping and any other related services; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management or human resources functions; (vii) broker or dealer, investment adviser or investment banking services; and (viii) legal services and other expert services unrelated to the audit. The Committee shall ascertain whether any other services that the Public Company Accounting Oversight Board determines by regulation are impermissible. The Committee or members designated by the Committee to grant pre-approvals shall not approve any of the foregoing prohibited non-auditing services. All other non-auditing services proposed to be provided by the independent auditor shall be pre-approved by the Committee or such designated members.
- (10). Review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant.

- (11). Consult with the independent auditor out of the presence of management about internal control over reporting and the completeness and accuracy of the Corporation's financial statements.
- (12). In consultation with the independent auditor and management of the Corporation, review the integrity of the Corporation's financial reporting
- (13). Discuss with management, and the independent auditor, management's process for assessing the effectiveness of the Corporation's internal control over financial reporting, including any significant deficiencies or material weaknesses identified.
- (14). Review the independent auditor's attestation and report on management's assertion on its assessment of the effectiveness of the Corporation's internal control over financial reporting in its annual report on Form 10-K.
- (15). Review the independent auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (16). Review and approve, if appropriate, major changes to the Corporation's auditing and accounting principles and practices as suggested by the independent auditor or management.
- (17). Establish routine review of and separate systems of reporting to the Audit Committee by management and the independent auditor regarding any significant judgments made by management and the independent auditor in the preparation of the financial statements, and the view of each as to appropriateness of such judgments.
- (18). Review with the independent auditor material written communications between the independent auditor and management.
- (19). Following completion of the annual audit, review separately with management and the independent auditor, any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (20). Review any significant disagreement between management and the independent auditor, in connection with the preparation of the financial statements.
- (21). Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as determined by the Committee.
- (22). Establish, review and update procedures for the confidential and anonymous submission by employees of the Corporation of any accounting, financial, or disclosure concerns and establish, review and update the procedures to receive, retain and address complaints regarding questionable accounting, internal accounting controls, or auditing matters.
- (23). Engage and approve compensation, at the Corporation's expense, for independent counsel or advisers for the Committee as the Committee determines to be necessary to carry out the Committee's duties and responsibilities as set forth in the Charter.
- (24). Review the Related Party Transactions of the Corporation.

(25). Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

5. MEETINGS

The Committee shall meet at least four times annually, and more frequently as circumstances dictate, and shall fix its own rules of procedure. The Committee will invite management to attend the meeting, except for executive sessions of the Committee to review management activities. The Committee may act by written consent in lieu of meeting, except as set forth below. As part of its duty to foster open communication, the Committee shall meet at least annually with management and the Corporation's independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee shall meet with the independent auditor and management quarterly to review the Corporation's financial statements consistent with the provisions of this Charter. Meetings of the Committee shall be called by the Secretary of the Corporation upon request of the Chairman of the Committee, the CEO, the Chief Financial Officer or a majority of the members of the Committee.

6. MINUTES AND REPORTS

The Committee shall be required to keep a record of its actions and proceedings and shall report to the Board at the next meeting of the Board following the Committee meetings with such reports to include recommendations for Board actions as appropriate.

This charter will be made available on the Corporation's website at www.nciinc.com.

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