

**Keane, Inc.**  
**Audit Committee Charter**

(As Approved by the Board of Directors on February 12, 2004)

**A. Purpose**

The purpose of the Audit Committee is to assist the Board of Directors' oversight of:

- the integrity of the Company's financial statements;
- the independent auditor's qualifications and independence;
- the performance of the Company's internal audit function and independent auditors;
- the assessment and management of major business, financial, reputational and operational risks faced by the Company;
- the Company's compliance with legal and regulatory requirements; and
- the preparation of an audit committee report as required by the SEC to be included in the Company's annual proxy statement.

**B. Structure and Membership**

- 1) *Number.* The Audit Committee shall consist of at least three members of the Board of Directors.
- 2) *Independence.* Except as otherwise permitted by the applicable rules of the New York Stock Exchange, each member of the Audit Committee shall be an "independent director" as defined by the applicable rules of the New York Stock Exchange and by Rule 10A-3 of the Exchange Act.
- 3) *Financial Literacy.* Each member of the Audit Committee must be financially literate as such qualification is interpreted by the Board of Directors in its business judgment or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment. Unless otherwise determined by the Board of Directors (in which case disclosure of such determination shall be made in the Company's SEC periodic reports), at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules). The Chair of the Audit Committee shall be financially sophisticated.

- 4) *Chair.* Unless the Board of Directors elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.
- 5) *Compensation.* The compensation of Audit Committee members shall be as determined by the Board of Directors. No member of the Audit Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board of Directors or a committee of the Board.
- 6) *Selection and Removal.* Members of the Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Nominating and Corporate Governance Committee. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company's annual proxy statement), no member of the Audit Committee may serve on the audit committee of more than two other public companies. The Board of Directors may remove members of the Audit Committee from such committee, with or without cause.

## **C. Authority and Responsibilities**

### **General**

The Audit Committee shall discharge its responsibilities and shall assess the information provided by the Company's management and the independent auditor in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

### **Oversight of Independent Auditors**

- 1) *Selection.* The Audit Committee shall be solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The Audit Committee shall ensure that the independent auditor has established a procedure for the rotation, no less frequently than every five years, of the lead audit partner and shall consider, periodically, the rotation of the independent auditor itself. The Audit Committee shall seek stockholder ratification of the independent auditor it appoints.
- 2) *Independence.* At least annually the Audit Committee shall assess the independence of the independent auditor. In connection with this assessment, the Audit Committee shall obtain and review a report from the independent auditor describing all relationships between the independent auditor and the Company, including the disclosures required by the Independence Standards Board Standard No. 1. The Audit Committee shall actively engage in dialogue with the

independent auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor.

- 3) *Compensation.* The Audit Committee shall have sole and direct responsibility for setting the compensation of the independent auditor. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.
- 4) *Preapproval of Services.* The Audit Committee shall preapprove all audit services to be provided to the Company, whether by the principal auditor or other firms, which may entail providing comfort letters in connection with securities underwritings, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that de minimus non-audit services may instead be approved in accordance with applicable NYSE and SEC rules. The Audit Committee shall cause the Company to disclose in its SEC periodic reports the approval by the Audit Committee of any non-audit services to be performed by the independent auditor.
- 5) *Oversight.* The independent auditor shall report directly to the Audit Committee and the Audit Committee, as the representatives, with the Board of Directors of the Company, of the shareholders of the Company, shall have sole and direct responsibility for overseeing the independent auditor, including resolution of disagreements between Company management and the independent auditor regarding financial reporting. The Audit Committee shall from time to time as appropriate:
  - Obtain and review the reports required to be made by the independent auditor regarding:
    - Critical accounting policies and practices.
    - Alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
    - Other material written communications between the independent auditor and Company management.
  - Review with the independent auditor:
    - Any audit problems or difficulties the independent auditor encountered in the course of the audit work and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management;

- Major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
  - Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
  - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 6) *Quality-Control Report.* At least annually, the Audit Committee shall obtain and review a report by the independent auditor describing:
- the firm's internal quality control procedures; and
  - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

### **Review of Audited Financial Statements**

- 7) *Discussion of Audited Financial Statements.* The Audit Committee shall review and discuss with the Company's management and independent auditor the Company's audited financial statements and the matters about which Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU §380) requires discussion, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
- 8) *Recommendation to Board Regarding Financial Statements.* The Audit Committee shall consider whether it will recommend to the Board of Directors that the Company's audited financial statements be included in the Annual Report on Form 10-K.
- 9) *Audit Committee Report.* The Audit Committee shall prepare for inclusion where necessary in a proxy or information statement of the Company relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting), the report described in Item 306 of Regulation S-K.

## Review of Other Financial Disclosures

- 10) *Independent Auditor Review of Interim Financial Statements.* The Audit Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Audit Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable Auditing Standards. The Audit Committee shall direct management to advise the Audit Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent Auditor's review of interim financial information.
- 11) *Earnings Releases and Other Financial Information.* The Audit Committee shall review and discuss the Company's earnings press releases (including any use of "pro forma" or "adjusted" non-GAAP, information), as well as financial information and earnings guidance provided to analysts, rating agencies and others.
- 12) *Quarterly Financial Statements.* The Audit Committee shall discuss with the Company's management and independent auditor the Company's quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

## Control and Procedures

- 13) *Oversight.* The Audit Committee shall coordinate the Board of Directors' oversight of the Company's internal control over financial reporting, disclosure controls and procedures and the Company's Code of Business Conduct Program. The Audit Committee shall receive and review the reports of the CEO and CFO required by Rule 13a-14 of the Exchange Act.
- 14) *Hiring Policies.* The Audit Committee shall establish policies regarding the hiring of employees or former employees of the Company's independent auditors.
- 15) *Procedures for Complaints.* The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- 16) *Related-Party Transactions.* The Audit Committee shall review all related party *transactions* on an ongoing basis and all such transactions must be approved by the Audit Committee.
- 17) *Internal Audit Function.* The Audit Committee shall oversee the performance of the Company's internal audit function.
- 18) *Risk Management.* The Audit Committee shall oversee the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled. The Audit Committee shall periodically discuss with management the Company's major business, financial, reputational and operational risk exposures and the steps management has taken to monitor and control such exposures.
- 19) *Additional Powers.* The Audit Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

#### **D. Procedures and Administration**

- 1) *Meetings.* The Audit Committee shall meet at least quarterly in order to perform its responsibilities. After its regularly scheduled quarterly meeting, the Audit Committee shall meet separately with: (1) the independent auditor, (2) Company Management, and (3) the Company's internal auditors. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The Audit Committee shall keep such records of its meetings as it shall deem appropriate.
- 2) *Reports to Board.* The Audit Committee shall report regularly to the Board of Directors.
- 3) *Charter.* At least annually, the Audit Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- 4) *Written Affirmation to NYSE.* On an annual basis, no later than one month after the Annual Meeting of Stockholders, and after each change in the composition of the Audit Committee, the Audit Committee shall direct the Company to prepare and provide to the NYSE such written confirmations regarding the membership and operation of the Audit Committee as the NYSE rules require.
- 5) *Advisors.* The Audit Committee shall have the authority to engage and determine funding for such legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Audit Committee.

- 6) *Investigations.* The Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.
- 7) *Funding.* The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
- 8) *Annual Self-Evaluation.* At least annually, the Audit Committee shall evaluate its own performance.