

BOTTOMLINE TECHNOLOGIES (DE), INC.

AUDIT COMMITTEE CHARTER

A. Purpose

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

- the Company's accounting and financial reporting processes;
- the audits of the Company's financial statements;
- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent registered public accountant's qualifications and independence; and
- the performance and compensation of the Company's independent registered public accountants.

The Audit Committee shall serve as the focal point for communication between the Board, the independent registered public accountant and management.

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 NASDAQ rules, each member of the Audit Committee shall be "independent" as defined by NASDAQ rules, meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (subject to the exemptions provided in Rule 10A-3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. The Audit Committee shall consider whether any members of the Audit Committee have relationships with the Company that may create the appearance of a lack of independence, even though such relationships do not technically disqualify the person from being "independent".
3. Financial Literacy. Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. In addition, at least one member must have

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past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board of Directors (in which case disclosure of such determination shall be made in the Company's annual report filed with the SEC), at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by applicable SEC rules).

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, upon the recommendation of the Nominations and Corporate Governance Committee. The Board 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 registered public accountant, 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 and for establishing and maintaining adequate internal control over financial reporting. The independent registered public accountants are responsible for auditing the Company's financial statements and the Company's internal control over financial reporting and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Audit Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented, or in accordance with generally accepted accounting principles or applicable law, or to guarantee the independent registered public accountant's report.

Oversight of Independent registered public accountants

1. Selection. The Audit Committee shall be solely and directly responsible for appointing, evaluating, retaining and, when necessary, terminating the independent registered public accountant. The Audit Committee may, in its discretion, take into account the opinions of management in making such decisions. The Audit Committee may, in its discretion, seek stockholder ratification of the independent registered public accountant appointment.
2. Independence. The Audit Committee shall take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the independent registered public accountant. In connection with this responsibility, the Audit Committee shall obtain and review the written disclosures and the letter from the independent registered public accountant required by applicable requirements of the Public Company Accounting Oversight Board (the “PCAOB”) regarding the independent registered public accountant’s communications with the Audit Committee concerning independence. The Audit Committee shall actively engage in dialogue with the independent registered public accountant concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor. The Audit Committee shall confirm the regular rotation of the lead audit partner and reviewing partner, and confirm that the CEO, CFO, VP-Finance and Controller (or other persons serving in similar capacities) were not employed by the independent registered public accountant, or if employed, did not participate in any capacity in the audit of the Company, in each case, during the one year period preceding the date of initiation of the audit.
3. Compensation. The Audit Committee shall have sole and direct responsibility for setting the compensation of the independent registered public accountant. The Audit Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of the independent registered public accountant established by the Audit Committee.
4. Preapproval of Services. The Audit Committee shall preapprove all audit services in accordance with the Audit and Non-Audit Pre-Approval Policy.
5. Oversight. The independent registered public accountant shall report directly to the Audit Committee and the Audit Committee shall have sole and direct responsibility for overseeing the independent registered public accountant, including resolution of disagreements between Company management and the independent registered public accountant regarding financial accounting and reporting. In connection with its oversight role, the Audit Committee shall, from time to time as appropriate, communicate with the independent registered public accountant pursuant to paragraph (k) of Section 10A of the Exchange Act regarding:

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- 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 registered public accountant; and
- other material written communications between the independent registered public accountant and Company management.

The Audit Committee, in connection with its oversight role, shall also review with the independent registered public accountants, from time to time as appropriate:

- (i) audit problems or difficulties the independent registered public accountant encountered in the course of the audit work and management's response, including any restrictions on the scope of the independent registered public accountant's activities or on access to requested information and any significant disagreements with management;
- (ii) significant concerns as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material weaknesses in internal control;
- (iii) analyses prepared by management and/or the independent registered public accountant 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;
- (iv) the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company;
- (v) significant risks and uncertainties with respect to the quality, accuracy or fairness of presentation of the Company's financial statements;
- (vi) recently disclosed problems with respect to the quality, accuracy or fairness of presentation of the financial statements of companies similarly situated to the Company and recommended actions which might be taken to prevent or mitigate the risk of problems at the Company arising from such matters;
- (vii) any accounting adjustments that were noted or proposed by the auditor but were "waived" (as immaterial or otherwise);
- (viii) accounting for unusual transactions;

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- (ix) booked adjustments arising from audits;
- (x) any recent SEC comments on the Company's SEC reports, including in particular any unresolved or future-compliance comments;
- (xi) the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any significant deficiencies or material weaknesses identified; and
- (xii) the characterization of deficiencies in internal control over financial reporting and any differences between management's assessment of the deficiencies and the independent registered public accountants'. The Committee shall also discuss with management its remediation plan to address internal control deficiencies. The Committee shall determine that the disclosures describing any identified material weaknesses and management's remediation plans are clear and complete.

Review of Audited Financial Statements

6. **Review of Audit Plan.** The Audit Committee shall review and discuss with the Company's management and independent registered public accountant the Audit Plan for the Company's Annual Audit.
7. **Discussion of Audited Financial Statements.** The Audit Committee shall review and discuss with the Company's management and independent registered public accountant the Company's audited financial statements prior to filing, including the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the PCAOB, and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Audit Committee shall also review and discuss with the Company's management and independent registered public accountant all significant issues concerning litigation, contingencies, claims or assessments requiring disclosure in the Company's financial statements. The Audit Committee shall also review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accountants' report on the effectiveness of internal control over financial reporting.
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 Company's 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

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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 407(d)(3) of Regulation S-K.

Review of Other Financial Disclosures

10. Earnings Release 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), prior to issuance.
11. Quarterly Financial Statements. The Audit Committee shall discuss with the Company's management and independent registered public accountant the Company's quarterly financial statements prior to filing, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Audit Committee shall also review and discuss with the Company's management and independent registered public accountant all significant issues concerning litigation, contingencies, claims or assessments requiring disclosure in the Company's Financial Statements.
12. Independent Registered Public Accountant Review of Interim Financial Statements. The Audit Committee shall direct the independent registered public accountant 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 AU section 380 (AICPA, Professional Standards, Vol. 1.1). 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 registered public accountant's review of interim financial information.

Controls 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 code of conduct. The Audit Committee shall receive and review the reports of the CEO and CFO required by Rule 13a-14 under the Exchange Act.
14. Procedures for Complaints. The Audit Committee shall 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 employees of the Company of concerns regarding questionable accounting or auditing matters.

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15. Related-Party Transactions. The Audit Committee shall review all “related party transactions” (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K) on an ongoing basis and all such transactions must be approved by the Audit Committee.
16. Additional Duties. 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 as often as it deems necessary in order to perform its responsibilities. Periodically, the Audit Committee shall meet separately with: (i) the independent registered public accountant and (ii) Company management. The Audit Committee shall keep such records of its meetings as it shall deem appropriate. The Audit Committee shall confirm that the minutes of its meetings accurately describe the issues considered by the Committee, the process the Committee used to discuss and evaluate such issues and the Committee’s final determination of how to proceed. The minutes should document the Committee’s consideration of issues in a manner that demonstrates that the Committee acted with due care. The Audit Committee shall consider whether the Committee is meeting frequently enough to discharge its responsibilities appropriately.
2. Subcommittees. The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to preapprove audit or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.
3. Reports to Board. The Audit Committee shall report regularly to the Board of Directors. The Audit Committee shall review with the full Board any issues that arise with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, or the performance and independence of the company’s independent registered public accountants.
4. 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.
5. Independent Advisors. The Audit Committee shall have the authority to engage and determine funding for such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. 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.

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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.