



Audit Committee Charter

I. General Statement of Purpose

The purpose of the Audit Committee (the "Audit Committee") of the Board of Directors (the "Board") of athenahealth, Inc. (the "Company") is to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements.

II. Structure and Membership

- Number. The number of individuals serving on the Audit Committee shall be fixed by the Board from time to time but shall consist of at least three members.
- Independence. Except as otherwise permitted by applicable rules of the NASDAQ Stock Market ("NASDAQ rules"), each member of the Audit Committee must (1) satisfy the independence standards of the NASDAQ rules; (2) meet the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the exemptions provided in Rule 10A-3(c); and (3) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years.
- 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 least one member of the Audit 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 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. One or more members of the Audit Committee shall qualify as an "audit committee financial expert" under the rules promulgated by the Securities and Exchange Commission (the "SEC") or, if not, the Company shall disclose its lack of an "audit committee financial expert" and the reasons why in its annual report.
- Selection and Removal. The members of the Audit Committee shall be appointed annually by the Board upon recommendation of the Nominating and Corporate Governance Committee and may be replaced or removed by the Board with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Audit Committee. Vacancies occurring for whatever reason shall be filled by the Board upon recommendation of the Nominating and Corporate Governance Committee.
- Chair. The Board shall designate one member of the Audit Committee to be Chair of the Audit Committee.

- Compensation. A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other committee established by the Board, receive directly or indirectly from the Company any consulting, advisory or other compensatory fee from the Company.
- Indemnification and Expenses. All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Audit Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Audit Committee or any subcommittee thereof.
- Meetings. The Audit Committee shall meet as often as it deems necessary. A majority of the members of the Audit Committee shall constitute a quorum for purposes of holding a meeting and the Audit Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Audit Committee may act by unanimous written consent. The Audit Committee shall maintain minutes of Audit Committee meetings. The Audit Committee shall meet periodically with management, the independent auditor, and the internal auditors (if any) in separate executive sessions.

III. Responsibilities and Authority

The following responsibilities are set forth as a guide to fulfilling the Audit Committee's purposes, with the understanding that the Audit Committee's activities may diverge as appropriate given the circumstances. The Audit Committee's purposes and responsibilities shall be as set forth below.

A. General

The Audit Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the Company's independent registered public accounting firm (the "independent auditor"), in accordance with its business judgment. Management is responsible for the preparation, presentation and integrity of the Company's financial statements, 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 auditor is responsible for auditing the Company's financial statements and, when required, 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 auditor's reports.

B. Matters Relating to Selection, Performance and Independence of the Independent Auditor

- Selection. The Audit Committee shall be solely and directly responsible for the appointment, evaluation, retention and termination of the independent auditor. The Audit Committee shall assure the regular rotation of the lead audit

- partner at the independent auditor. The Audit Committee may consult with management in fulfilling these duties.
- 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, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.
 - Oversight. The Audit Committee shall be directly responsible for oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting). The independent auditor shall report to the Audit Committee such matters required to be communicated by the independent auditor to the Audit Committee under the standards of the Public Company Accounting Oversight Board (the "PCAOB"), including Auditing Standard No. 16, Communications with Audit Committee ("AS 16"), and Section 10A(k) of the Exchange Act.
 - Pre-Approval. The Audit Committee shall pre-approve all audit and permissible non-audit services, including the terms thereof, to be provided to the Company by the independent auditor; provided, however, "de minimis" permissible non-audit services may be approved in accordance with applicable SEC rules. The Audit Committee may delegate the authority to grant pre-approval of permissible non-audit services to the Chair of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at a future meeting of the Audit Committee.
 - Staffing. The Audit Committee may review and approve the scope and staffing of the independent auditor's annual audit plan(s).
 - Independence. The Audit Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor. In connection with this responsibility, the Audit Committee shall obtain and review the written disclosures and the letter from the independent auditor required by applicable requirements of the PCAOB regarding the independent auditor's communications with the Audit Committee concerning independence. The Audit Committee shall discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor.
 - Reports to Board. The Audit Committee shall evaluate the independent auditor's qualifications, performance and independence, and shall present its conclusions with respect to the independent auditor to the full Board. In this regard, the Audit Committee shall also seek the opinion of management and the internal auditors of the independent auditor's performance.

C. Audited Financial Statements and Annual Audit

- Review and Discussion. The Audit Committee shall review and discuss with the Company's management and independent auditor the Company's audited financial statements, including the matters required to be discussed by AS 16

and all critical accounting policies and practices used or to be used by the Company.

- Recommendation to Board Regarding Financial Statements. The Audit Committee shall make a recommendation to the Board as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the last fiscal year.
- Audit Committee Report. The Audit Committee shall prepare the Audit Committee report required by Item 407(d) of Regulation S-K of the Exchange Act (or any successor provision) to be included in the Company's annual proxy statement.

D. Other Financial Disclosures

- 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.
- Earnings Release and Other Financial Information. The Audit Committee shall discuss with the Company's management information to be disclosed in each of the Company's press releases announcing financial results, as well as financial information and guidance provided to analysts and others.
- Quarterly Financial Statements. The Audit Committee shall discuss with the Company's management and the 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."

E. Qualified Legal Compliance Committee Responsibilities. The Audit Committee shall serve as the Company's Qualified Legal Compliance Committee in accordance with Section 307 of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC thereunder.

F. Controls and Procedures

- Oversight. The Audit Committee shall coordinate the Board's oversight of the Company's internal control over financial reporting, disclosure controls and procedures, code of business conduct and ethics and compliance with applicable legal and regulatory requirements. The Audit Committee shall receive and review the reports of the Chief Executive Officer and the Chief Financial Officer required by Rule 13a-14 under the Exchange Act.

- Risk Management. The Audit Committee shall assess and discuss 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.
- Establish and Oversee Procedures for Complaints. The Audit Committee shall establish and oversee procedures for the receipt, retention and treatment of complaints regarding accounting matters in accordance with SEC Rule 10A-3(b)(3) and shall periodically review and revise such procedures as appropriate.
- Annual Review of Code of Ethics. The Audit Committee shall review and assess the adequacy of the Company's code of business conduct and ethics periodically, but at least annually, and recommend any proposed changes to the Board for approval. The Audit Committee shall also review at least annually with management, including the Chief Financial Officer, compliance with, the adequacy of and any requests for waivers under the Company's code of business conduct and ethics and make a recommendation to the full Board with regard to any waiver sought with respect to any executive officer or director.
- Related Person Transactions. The Audit Committee shall review the Company's policies and procedures for reviewing and approving or ratifying "related person transactions" (defined as transactions required to be disclosed pursuant to Item 404 of Regulation S-K), including the Company's Related Person Transaction Policy, and recommend any changes to the Board. In accordance with the Company's Related Person Transaction Policy and SEC and NASDAQ rules, the Audit Committee shall conduct appropriate review and oversight of all related person transactions for potential conflict of interest situations on an ongoing basis.
- Internal Compliance Program Responsibilities and Authority. In furtherance and not in limitation with the foregoing, the Audit Committee shall oversee the Company's program for general compliance with applicable legal and regulatory requirements. Pursuant to this responsibility, the Audit Committee shall:
 - Oversee the function of the Chief Audit Officer, Chief Compliance Officer, and the Company's internal Compliance Committee under the Company's Compliance Program Charter and the Company's code of business conduct;
 - Review with the Chief Audit Officer and with management significant business/financial risks and exposures and the Company's guidelines, policies, and measures for assessing and managing these risks and exposures;
 - Assist with Board oversight of Company procedures and systems for ensuring that employees, officers and directors, and relevant contractors comply with the Company's code of business conduct, including, but not limited to, the foundational competencies and integrity standards; and

- Discuss periodically with the Company's General Counsel, Chief Audit Officer, and the Chief Compliance Officer the effectiveness of the Company's compliance program in detecting and preventing violations of law or the Company's code of business conduct.

IV. General

- Subcommittees. The Audit Committee may form and delegate authority to subcommittees consisting of one or more of its members as the Audit Committee deems appropriate to carry out its responsibilities and exercise its powers.
- Other Functions. The Audit Committee may perform such other oversight functions outside of its stated purposes as may be requested by the Board from time to time.
- Third Party Advisors. In performing its oversight function, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management, the independent auditor and such experts, advisors and professionals as may be consulted by the Audit Committee. The Audit Committee may engage independent legal, accounting and other advisors it deems necessary or advisable to carry out its responsibilities and powers. The Audit Committee shall determine the compensation or fees payable to such advisors and the Company shall provide appropriate funding.
- Further Investigation. In discharging its role, the Audit Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The Audit Committee is authorized to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.
- Expenses. The Audit Committee is authorized to incur such expenses as are necessary or appropriate in carrying out its duties.
- Review Charter. The Audit Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any proposed changes to the Board for approval.
- Self-Evaluations. The Audit Committee shall annually evaluate its performance.
- Reports to Board. The Audit Committee shall regularly report to the Board.