



## **AUDIT COMMITTEE CHARTER HARRIS INTERACTIVE INC.**

### **Purpose and Powers**

The Audit Committee is appointed by the Board of Directors of the Company to provide assistance to the Board in fulfilling its oversight responsibility to shareholders, potential shareholders, the investment community, and others by overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The duties and responsibilities of a member of the Audit Committee are in addition to such person's duties as a member of the Board. The Audit Committee's primary duties and responsibilities are to:

- monitor the integrity of the accounting policies, financial reporting, and disclosure practices of the Company;
- monitor the processes established and maintained by management to assure that an adequate system of internal accounting and financial control is functioning within the Company;
- appoint, terminate, and oversee the independence and performance of the Company's independent auditors;
- monitor the processes established and maintained by management to assure that free and open communications are maintained among the Audit Committee, management, and the Company's independent auditors; and
- monitor the processes established and maintained by management to assure corporate compliance, including compliance with legal and regulatory requirements and the Company's Code of Ethics.

The Audit Committee has the authority to investigate fully any matter it deems necessary in fulfilling its responsibilities, with full access to all books, records, facilities and personnel of the Company as well as to the outside auditor and, if the Company has appointed one, the Company's internal auditor. To that end, the Audit Committee has the authority to (i) retain and compensate, at the Company's expense, outside legal counsel and accounting or other experts, as the Audit Committee deems necessary or appropriate in the performance of its duties and responsibilities, and (ii) in cooperation with management, monitor that adequate Company resources are available to support effective internal audit and controls functions.

### **Composition**

The Audit Committee shall be comprised of three or more directors, as determined by the Board. Each member of the Audit Committee shall meet the independence and experience

requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the rules and regulations of the Securities and Exchange Commission (the “SEC”), and the listing standards of The Nasdaq Stock Market.

All members of the Audit Committee shall have a working familiarity with basic finance and accounting practices, and must have an ability to read and understand financial statements, including the Company’s balance sheet, income statement, and cash flow statement, at the time of their appointment to the Audit Committee.

At least one member of the Audit Committee shall have employment experience in accounting or finance, professional certification in accounting, or other comparable experience or background which results in the member’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Such member shall qualify as an audit committee financial expert under the rules and regulations of the SEC, and a determination that the person so qualifies shall be made by the Board of Directors of the Company.

The members of the Audit Committee shall be appointed, and may be replaced, by the Board. Unless a Chairperson is elected by the full Board, the members of the Audit Committee may designate a Chairperson by majority vote of the full Audit Committee membership.

### **Meetings**

The Audit Committee shall meet at such times as circumstances dictate, but not less than quarterly.

As part of its job to foster free and open communication, the Audit Committee shall meet at least annually with each of management and the independent accountants in separate sessions, in order to discuss any matters either of these groups believes should be discussed privately. The Committee also may choose to meet in executive session. It may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **Responsibilities And Duties**

The Audit Committee’s responsibility is one of monitoring, oversight, and reporting the results of its activities to the Board. While the Audit Committee has the responsibilities and powers set forth in this Charter, management and the Company’s independent auditors have more time, expertise, and complete information than the members of the Audit Committee. It is not the responsibility of the Audit Committee to conduct audits, or to provide expert assurances that the Company’s financial statements are complete, accurate, and in accordance with generally accepted accounting principles (“GAAP”) and applicable rules and regulations. Management is responsible for preparing the Company’s financial statements and the independent auditors are responsible for auditing those financial statements.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of: (a) compensation to the outside auditor, (b) compensation to any outside legal, accounting or other advisers employed by the Audit Committee in accordance with

this Charter, and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee shall engage in such activities from time to time as are reasonably necessary or appropriate in order to fulfill its responsibilities and duties, including among others the following:

#### Charter Review

1. The Audit Committee shall review and reassess, at least annually, the adequacy of this Charter, make recommendations regarding amendments to the Board as conditions dictate, and assure publication of the Charter as approved by the Board in accordance with SEC regulations.

#### Oversight of Relationship with Independent Accountants

1. The Audit Committee shall have the sole authority for the appointment, replacement, compensation, retention and oversight of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Company. The Audit Committee shall evaluate the qualifications, performance, and independence of the independent auditor, and shall present its conclusions with respect to the independent auditor to the Board.
2. The independent auditors are ultimately accountable to the Audit Committee and the entire Board for their audit of the financial statements and of the Company. The Company's independent auditors shall report directly to the Audit Committee.
3. The Audit Committee shall pre-approve all audit services and permitted non-audit services (including the fees and terms of such services) to be provided to the Company by its independent auditor, provided, however, permitted non-audit services which were not recognized as non-audit services at the time of engagement of the independent auditor, and which fall under the de minimus exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, shall be approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant pre-approvals of audit services and permitted non-audit services, provided that decisions of such designated member(s) to pre-approve such services shall be reported to the full Audit Committee at its next scheduled meeting.
4. The Audit Committee shall oversee the independence of the Company's independent auditors. Toward that end, the Audit Committee shall assure receipt from the auditors, at least annually, of a formal written statement disclosing all relationships between the auditors and the Company in accordance with Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*. In addition, on at least an annual basis, the Audit Committee shall review and discuss with the independent auditors and the Board all significant relationships or services such auditors have with or provide to the Company that may impact the objectivity and independence of the auditors. The

Audit Committee shall take, or shall recommend that the full Board take, appropriate actions to address issues related to the auditor's independence.

5. The Audit Committee shall obtain and review information from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm, (c) any material issues raised by governmental or professional authorities since the last report respecting one or more audits carried on by the firm, and (d) the firm's responses to any such issues.
6. At least annually, the Audit Committee shall meet separately with appropriate representatives of each of management and the independent auditors to discuss any significant difficulties encountered during the course of the audit, including any restrictions on the scope of the work or access to required information.
7. The Audit Committee shall receive all material written communications from the independent auditors to management and the Company required by governmental authorities or any self-regulatory organization such as the Nasdaq Stock Market.
8. The Audit Committee shall review any significant disagreement between management and the independent auditors in connection with the preparation of the financial statements. The Audit Committee has responsibility for resolution of disagreements between management and the independent auditor regarding financial reporting.
9. The Audit Committee shall discuss the overall scope and plans for the annual audit with management and the independent auditors.
10. The Audit Committee shall ensure that the Company's independent auditors keep the Audit Committee informed about fraud, deficiencies in the Company's internal control structure, and certain other matters.

#### Oversight of Financial Reporting and Control Process

1. The Audit Committee shall review and discuss with management and the independent auditors the Company's annual audited financial statements and related opinion of the independent auditors, and the disclosures proposed to be made in the "management's discussion and analysis" section of the Company's Annual Report on Form 10-K, and shall recommend to the Board whether the annual financial statements should be included in the Form 10-K. Such review shall include a discussion of management's and the independent auditors' judgments about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures.
2. The Audit Committee shall review and discuss with management and the independent auditors the Company's quarterly financial results and reports and the Company's Quarterly Report on Form 10-Q, as well as other financial reports and information made public or filed with regulatory or other authorities, prior to their filing or release.

3. The Audit Committee shall review and discuss with management the information to be included in earnings releases as well as financial information and guidance to be provided to analysts and rating agencies.
4. The Audit Committee shall annually report to shareholders in the Company's annual proxy statement as required by SEC regulations.
5. The Audit Committee shall review disclosure and documentation of the Company's significant accounting policies. Toward that end, the Audit Committee shall establish regular systems of reporting to the Audit Committee by management and the independent accountants regarding: (a) any significant judgments made in management's preparation of the financial statements, (b) any significant changes in selection of accounting policies, and (c) all alternative treatments of significant financial information within GAAP that have been discussed with management, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors.
6. The Audit Committee shall discuss with the independent auditors any matters required to be communicated by the auditors in accordance with Statement of Auditing Standards No. 61, *Communications with Audit Committees*, relating to the conduct of the audit, including any significant changes in auditing standards or in the scope of the audit. The Audit Committee shall discuss the results of the audit and any other matters required to be communicated to the Audit Committee by the independent auditors under GAAP.
7. In conjunction with management and the independent auditors, the Audit Committee shall review the integrity of the Company's financial controls, systems, and internal and external reporting processes. Among others, it shall review disclosures made by the Company's CEO and CFO during their certification process for Forms 10-K and 10-Q regarding deficiencies or material weaknesses in the design or operation of the company's internal controls, and any fraud involving employees with a significant role in internal controls.
8. The Audit Committee shall discuss with management the Company's major financial risk exposures including steps taken to manage such exposures.
9. The Chief Financial Officer of the Company shall provide the Audit Committee with copies of all reports, management letters, and schedules of unadjusted differences of the Company's independent auditors, as well as governmental requests and examinations, and the Company's responses to the same.

#### Compliance

1. The Audit Committee shall meet with the principal outside corporate legal counsel for the Company at least annually to inquire as to material legal compliance deficiencies and material litigation of which counsel is aware.
2. The Audit Committee shall obtain assurance from the Company's independent auditors that Section 10A(b) of the Exchange Act has not been implicated.

3. The Audit Committee shall review and, as needs dictate, update the Company's Code of Ethics, and shall monitor the processes established and maintained by management to assure compliance with such Code of Ethics.
4. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters.
5. The Audit Committee shall establish a procedure for review of all "related party transactions", as defined in Item 404 of Regulation S-K, proposed to be entered into by the Company. Prior approval of the Audit Committee shall be required for any such related transaction.
6. The Audit Committee shall periodically review with the Company's management and legal counsel any legal matter that could have a significant impact on the Company's business, operations, or financial statements.

#### Self-Evaluation

1. The Audit Committee shall conduct periodic self-evaluations.