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**MANAGEMENT DISCUSSION SECTION**

Operator: Good day ladies and gentlemen and thank you for standing by. Welcome to the Third Quarter 2010 Harris Interactive Earnings Conference Call. At this time, all participants are in a listen only mode. Later, we will conduct a question-and-answer session and instructions will be given at that time.

[Operator Instructions].

As a reminder, this conference maybe recorded.

I'd now like to introduce your host for today Mr. Michael Burns, Vice President of Investor Relations and External Reporting. Sir, please go ahead.

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**Michael T Burns, Vice President, Investor Relations**

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Good afternoon and thank you for joining us to discuss Harris Interactive's third quarter fiscal 2010 financial results. With me today are Ms. Kimberly Till, our President and Chief Executive Officer and Mr. Eric Narowski, our Interim Chief Financial Officer.

The format for today's call will include formal remarks by both Kimberly and Eric on the state of the business and third quarter performance. After the formal remarks, Kimberly and Eric will be available for questions.

A webcast replay of this entire call will be available via the Investor Relations section of our corporate website later this evening and will be archived there for at least 30 days. However, no telephone replay of this call will be provided. We will post the transcript of this call as soon as one is available after the call.

We would like to take this opportunity to remind you that certain statements made during this conference call are forward-looking statements for purposes of the Safe Harbor provision under the Private Securities Litigation Reform Act of 1995. These statements includes beliefs, predictions and expectations related to the company's future financial performance, other business and operating metrics, as well as statements regarding the company's future plans and operation.

They involve a number of risks, known and unknown, that could cause actual results, performance and/or achievements of the company to be materially different from the beliefs, prediction and expectations discussed on this call.

Factors that could cause the company's results to materially differ from the forward-looking statements made today and which are incorporated by reference herein are more fully described in today's press release, as well as the company's SEC filings, particularly under the Risk Factors section of the Company's most recent Annual Report on Form 10-K, as updated quarterly in our quarterly report on Form 10-Q to reflect additional material risks.

You are urged to consider these factors carefully in evaluating such forward-looking statements and are cautioned not to place undue reliance on them. The forward-looking statements are only made as of the date of this presentation and the company undertakes no obligation to publicly update them to reflect subsequent events or circumstances.

We also will be discussing non-GAAP financial measures, including adjusted EBITDA and adjusted EBITDA with the add-back of restructuring and other charges. These items are reconciled to GAAP financial measures in today's press release, and are posted on the company's website.

It is now pleasure to turn the call over to Harris Interactive's President and Chief Executive Officer, Kimberly Till. Kimberly?

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**Kimberly Till, President and Chief Executive Officer**

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Thank you, Mike, good afternoon everyone and thank you for joining us and for your interest in Harris Interactive. On today's call I would like to cover two main areas, first I will provide highlights of our third quarter fiscal 2010 performance than Eric Narowski, our Interim CFO, will follow with the more detailed report of our quarterly result. I will then provide an update on where we are on the road map I shared with you during our last earnings call and the progress we've made on some of our key strategic and operational initiatives.

Now let's turn to our Q3 results, for our third quarter financial highlights include our consolidated global revenue for the quarter 41.2 million, up 3% compared with the same period -- prior period but down 1% excluding favorable foreign currency impact, sequentially revenue decreased by 8% compared with Q2 of this fiscal year. A decrease versus prior quarter was expected given the normal seasonality of our business. Our consolidated global bookings or sales for the quarter grew by 18% compared with the same prior year period and were up 6% excluding favorable foreign currency impact building on the comparative bookings gross that we saw last quarter, we generated adjusted EBITDA with restructuring and other charges added back of 1.4 million or 3.3% of revenue compared with 0.5 million or 1.3% of revenue for the same prior year period.

We ended the quarter with 13.2 million of cash and generated positive cash flow from our operations during the quarter, while I believe we have made significant progress throughout the fiscal year in executing many of our key strategic and operational initiatives as well as improving our overall financial performance.

We still have more work to do to achieve greater revenue and profit growth. I believe we have maintained an appropriate cost structure so our primary focus is on rebuilding revenue especially in the US; I am working very closely with the US industry sector heads to significantly increase our sales activity and pipeline to help drive as much revenue as possible in Q4 and beyond.

One of the keys to increasing revenue will be the successful roll out of several cutting edge offerings that we have recently commercialized and are now introducing into the market. We believe these new offerings will create sales opportunities at new clients and also stimulate incremental sales at existing clients over time.

I'll provide more background on these new offerings and also our performance and plans after Eric discusses our quarterly financial results in more detail. Eric?

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**Eric W. Narowski, Interim Chief Financial Officer, Principal Accounting Officer and Senior Vice President, Global Controller**

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Thank you, Kimberly and good afternoon everyone. I would like to take this opportunity to provide you with more detail on our financial performance for the third quarter of fiscal 2010. Our consolidated revenue for the quarter was 41.2 million. Up 1.3 million or 3% when compared to last fiscal year's third quarter, but down 1% excluding favorable foreign currency impact. As Kimberly noted while we saw a sequential decrease in revenue of 8% from this year's second quarter, this decline was expected given the seasonality of our business. Looking at revenue for the quarter by geographic region. North America which is comprised of our US and Canadian operations revenue was down 2% compared with the same prior year period.

In local currency Canadian revenue increased by 3% compared with the same prior year period driven by strong sales during Q2 which converted to revenue during Q3. US revenue declined by 6% compared to the same prior year period as a result of a decline across several of our US industry sectors partially due to the loss of a large tracking study and the reduction in size of another. However, in the US, we saw a revenue growth of 15% in our healthcare sector, 3% in our business and industrial sector, and 40% in our service bureau business when compared to the same prior year period.

In Europe which is comprised of our operations in UK, France and Germany, revenue was up 12% compared with the same prior year period. In local currency UK revenue was down 11% primarily due to the decrease in scope of a large tracking study. In local currency, revenue in France and Germany were up 45% and 21% respectively driven by success in selling to new clients across several industry sectors.

Within Asia which is comprised of our operations in Hong Kong and Singapore, revenue was up 63% compared with the same prior year period. This increase was driven by strong -- stronger management and improved coordination of our selling efforts in the region. Our consolidated bookings for the quarter were 44.7 million, up 18% when compared to the third quarter of last fiscal year and up 6% excluding the favorable foreign currency impact. Looking at bookings by geographic region compared to the third quarter of last fiscal year. In North America bookings for the quarter were up 2% compared with the same prior year period. U.S. bookings declined 8% driven primarily by our sales force requiring a certain amount of time to rebuild the sales pipeline which we believe will occur over time.

Canadian bookings increased by 23% in local currency due in large part to strong growth in our service bureau business, omnibus studies and sales within the government sector.

In Europe, bookings were up 74% compared to the same prior year period. By country and in local currency, UK bookings were up 75%, bookings in France were up 87%, bookings in Germany were down by 5%. The growth we experienced in bookings for Europe was primarily the result of a large tracking study in the UK that was renewed during the quarter after a one-year postponement and the continued success in selling to new clients across several industry sectors in France.

In Asia, bookings were up 132% compared with the same prior year period driven largely by the timing of the renewal of a large tracking study during the quarter. Our operating loss for the quarter was 943,000 compared to a 7.3 million loss for the third quarter of last fiscal year. Included in this year's operating loss was 92,000 in restructuring and other charges compared with 5.3 million for the same prior year period. We continue to focus on maintaining an appropriate cost structure. As Kimberly mentioned earlier, we are taking steps to rebuild the revenue base in our U.S. business which should improve our profitability over time.

Our net loss for the quarter was 1.6 million or \$0.03 per fully diluted share compared with a net loss of 6.7 million or \$0.12 per fully diluted share for the same prior year period. Non-GAAP adjusted EBITDA with restructuring and other charges added back was 1.4 million for the quarter compared to 518,000 for the third quarter of last fiscal year. As of March 31st, we had cash and marketable securities of 13.2 million and 17.3 million in outstanding debt.

Cash generated from our operations in Q3 was 880,000 a significant improvement when compared with 5.3 million in cash consumed by operations for the same prior year period. We expect that our cash position will continue to improve over time as revenue rebuilds.

For the remainder of the fiscal 2010, we expect to be in compliance with all of our debt covenants including in revenue -- a minimum revenue requirements. And total embedded to EBITDA and interest to EBITDA coverage ratios.

I'll now turn the call back over to Kimberly.

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**Kimberly Till, President and Chief Executive Officer**

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Thanks, Eric. Now I would like to provide more background on our performance and plans and update you on several key initiatives. On the last earnings call I shared with you the three phases of our roadmap for the next few years. The first phase is to turnaround all the key parts of our business. I am very pleased with the progress that we have made in our international operations.

Our European operations, especially our operations in France and Germany are having a very strong year with sales growth at both new and existing clients. We have put a strong sales team and process in place in the UK which should deliver stronger revenue and profit performance over the coming quarters.

We have made substantial changes in our Asian operations including strengthening our management team to build a solid foundation for sustainable growth, recruiting strong sales talent to more quickly rebuild revenue and leveraging our best demonstrative practices to gain operational efficiencies and higher quality.

These changes are already having a positive impact in the region. Additionally, our Canadian business is showing positive sales growth. So the U.S. is our last geographic region where we need to show improved financial performance.

I believe part of the issue in the U.S. is market driven. In particular I believe that the market research industry in the U.S. has not returned to significant growth yet. Although we are beginning to see signs of improvement, it appears that companies continue to be cautious about their market research expenditures as they wait for their own businesses to fully recover. In addition to these market factors, we are still making improvements in the U.S. business that are not yet fully implemented, but should help to improve our financial performance overtime.

We are putting in place stronger management and sales resources and focusing on selling more differentiated products and solutions that command higher margins. These initiatives have shown positive early results but are unlikely to fully impact the numbers until a few quarters from now. We also replacing considerable senior management attention on the U.S. industry sectors and expect these actions to yield positive results during fiscal year 2011.

The second phase of our roadmap involves creating economies of scale to deliver faster turnaround of client work with improved quality and reduced costs. We have made significant progress in implementing many initiatives that we believe will lead to operational efficiencies over the coming quarters.

The second phase of the roadmap also involves developing and commercializing innovative product solutions and capabilities that not only enable us to be more competitive in the market, but command premium pricing. I am very pleased to announce that we are in the process of launching four new offerings that we believe fall into this category. Two of the offering media AMP and Body Mass Index or BMI leverage existing assets. Media Amp is a product that connects television program viewership with brand equity by integrating data from our multi screening engagement and EquiTrend study.

Media Amp will help media sellers better position their television content and maximize the value of their ad platforms. At the same time it will help media buyers target the right television program for their brands. BMI or Body Mass Index is a new capability based on capturing the height and weight of our online panelist. It's targeted at pharmaceuticals, food, apparel and other companies that

have an interest in understanding more about underweight, normal weight, over weight and obese adults.

These companies also will benefit from our vast experience in conducting research that explores potentially sensitive issues. The other two offerings, research life streaming and mobile GPS show a lot of promise. Research life streaming is a cutting edge research platform with some powerful social media research capabilities. This research platform which has many potential product components connects the conversations that people are having with the views they express, and the actions that they take resulting in deeper, more actionable insights for our clients. Mobile GPS enables us to direct questions to respondents based on their location, so that our clients are able to gather insight at or enclose proximity to the point of experience.

This means that we have the ability to interview respondents just before, during or after they finish an experience at a store, a bank, a hotel or other commercial establishments. Asking someone about an experience in real time provides very valuable and relevant information. Early client and prospect reaction to research life streaming and mobile GPS has been very positive.

We believe that these offerings not only will result in direct sales, but will open the door for us to sell our full capabilities in areas such as brand and communication, corporate reputation and stakeholder. Once we've return Harris Interactive to a leadership position in the market research industry, we will focus on the final phase of our roadmap expanding into new and related market segments.

In sum, I believe we have maintained an appropriate cost structure, advanced many of our key initiatives and made significant progress in improving the overall financial performance of the company. While we still have work to do to improve the financial performance of all of the U.S. industry sectors, we believe we have the right plan in place to make this happen. Although we are unlikely to realize the full benefits of the plan for a few quarters, we believe that the financial performance of our U.S. operations will improve overtime as we successfully execute on this plan. Once all of the U.S. industry sectors are performing well, we believe the company will be well positioned to achieve strong revenue and profit growth.

Now I will turn the call back over to Mike and the operator for questions.

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**Michael T. Burns, Vice President, Investor Relations**

Thanks, Kimberly. Operator, if you could please open the queue for questions.

Operator: [Operator Instructions].

And I see no questions in queue at this time.

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**Michael T. Burns, Vice President, Investor Relations**

Okay. Well thanks very much to everyone for joining us today. We look forward to speaking with you again in August when we announce our fourth quarter and full fiscal year results.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program. You may now disconnect. Everyone have a great day. Thank you.

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