

The Princeton Review, Inc. Audit Committee Charter

I. Purpose

The Audit Committee assists the Board of Directors in its oversight of the Company's accounting and financial reporting processes and systems, including (i) the quality and integrity of the Company's accounting and reporting practices, (ii) the qualifications and independence of the Company's independent auditor, (iii) the performance of the Company's internal audit function and internal auditor, and (iv) the Company's compliance with legal and regulatory requirements. The Audit Committee serves as a board level monitor of the Company's relationship with the independent auditor, as set forth in this Charter, and provides advice, counsel and general direction, as it deems appropriate, to management and the independent auditor on the basis of the information it receives, discussions with the independent auditor, and the experience of its members in business, financial and accounting matters.

The Company's management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing or reviewing those financial statements. The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management or the independent auditor. The Audit Committee is not required to certify that the independent auditor is independent under applicable rules.

II. Membership and Structure

The Audit Committee shall be comprised of at least three members of the Board of Directors appointed by the Board of Directors. Each member shall satisfy the independence and financial literacy requirements of Rule 4350(d)(2) of The Nasdaq Stock Market, Inc. ("Nasdaq"), Rule 10A-3(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act"), the rules and regulations of the Securities Exchange Commission (the "SEC") and other applicable federal law. 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 as set forth in Nasdaq Rule 4350(d)(2)(A). Each member will be free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgment.

Each member of the Audit Committee shall be appointed by the Board of Directors and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The Board of Directors may choose to designate one or more members of the Audit Committee as an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K promulgated under the Exchange Act. Unless a chair is elected by the full Board of Directors, the members of the Audit Committee shall designate a chair by the majority vote of the members of the Audit Committee. The chair shall be entitled to cast a vote to resolve any ties.

The Audit Committee shall be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board of Directors.

III. Meetings

The Audit Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Audit Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The chair will lead all regular sessions of the Audit Committee and set the agendas for Audit Committee meetings. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

IV. Responsibilities

The following shall be the common recurring activities of the Audit Committee in carrying out its duties as set forth in Section I of this Charter. The Audit Committee may carry out additional activities and adopt additional policies and procedures as may be appropriate in light of business, legislative, regulatory, legal or other conditions. The Audit Committee shall also carry out other activities delegated to it by the Board of Directors.

- The Audit Committee shall have the sole authority for the appointment, replacement, compensation, and oversight of the work of the Company's independent auditor, including the resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor shall report directly to the Audit Committee.
- The Audit Committee shall review and discuss with the independent auditor (i) the scope and plans for their audit, including the adequacy of staffing, compensation and timing of the audit, (ii) the results of the annual audit examination and accompanying management letters, and (iii) the results of the independent auditor's procedures with respect to interim periods.
- The Audit Committee ensure its receipt of, and then shall review and discuss, the written statement from the independent auditor concerning any relationship between the independent auditor and the Company or any other relationships that may adversely affect the independence of the auditor, and, based on such review, assesses the independence of the auditor.
- The Audit Committee shall review and discuss reports from the independent auditors on (i) all critical accounting policies and practices used by the Company, (ii) alternative accounting treatments within GAAP related to material items that have been discussed with management, including the ramifications of using the alternative treatments and the treatment preferred by the independent auditor, and (iii) other material written communications between the independent auditors and management.
- The Audit Committee shall review and discuss with management and the independent auditor (i) the adequacy and effectiveness of the Company's controls (including any significant deficiencies in the design or operation of the Company's internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls), (ii) management's annual assessment of the effectiveness of the internal controls and the independent auditor's attestation and report about management's assessment as required by the SEC, and (iii) the adequacy and effectiveness of the Company's disclosures controls and procedures, and management reports thereon.
- The Audit Committee shall review annually with the Company's Chief Financial Officer and internal auditor the scope of the internal audit program, and review annually the performance of

both the internal audit group and the independent auditor in executing their plans and meeting their objectives.

- The Audit Committee shall review and discuss with management and the independent auditor the annual audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Annual Report on Form 10-K and recommend to the Board of Directors whether the audited financial statements should be included in the Annual Report on Form 10-K for the year.
- The Audit Committee shall provide the "Report of the Audit Committee" required by the rules of the SEC to be included in the Company's annual proxy statement.
- The Audit Committee shall review and discuss with management and the independent auditor the Company's quarterly financial statements, including the interim financial information and business discussion included therein, prior to the filing of each Form 10-Q.
- The Audit Committee shall discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP financial information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- 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 concerns regarding questionable accounting or auditing matters.
- The Audit Committee shall review and approve in advance on a case-by-case basis all engagements by the Company of accountants (including the fees and terms thereof) that will perform permissible non-audit services or audit, review or attest services for the Company, with exceptions provided for de minimus amounts under certain circumstances as prescribed by Section 10A(i)(1)(B) of the Exchange Act. The Audit Committee may establish detailed pre-approval policies and procedures pursuant to which such engagements are pre-approved without a meeting of the Audit Committee.
- The Audit Committee shall conduct an appropriate review of all related party transactions for potential conflicts of interest on an ongoing basis and shall review and have prior-approval authority for related-party transactions.
- The Audit Committee shall review the use of auditors other than the independent auditor in cases such as management's request for second opinions.
- The Audit Committee shall maintain adequate minutes of its meetings and other activities, and will report its actions at the following meeting of the Board of Directors.

V. Authority

The Audit Committee shall have the following additional rights and authority:

- The Audit Committee shall have the authority to engage independent legal, accounting or other advisers, as it determines necessary to carry out its duties.
- The Company shall provide the Audit Committee with appropriate funding, as determined by the Audit Committee, for the payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, (ii) compensation to any advisors employed by the Audit Committee, and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
- The Audit Committee shall have the authority designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Audit Committee as the Audit Committee shall direct.
- The activities set forth in this Charter are guidelines, and the Audit Committee may supplement or modify them as appropriate.

VI. Annual Evaluation

The Audit Committee will engage in an annual self-assessment with the goal of continuing improvement, and will annually review and reassess the adequacy of this Charter, and recommends any changes to the full Board of Directors.

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