



REALNETWORKS, INC.

Charter of the Audit Committee of the Board of Directors

Purpose

The purpose of the Audit Committee is to assist the Board of Directors of RealNetworks, Inc. in fulfilling its responsibilities generally overseeing:

- The Company's accounting and financial reporting processes and internal control over financial reporting, as well as the audit and integrity of the Company's financial statements.
- The qualifications and independence of the Company's registered public accounting firm (the "**independent auditor**").
- The performance of the Company's internal audit function and independent auditor.
- The Company's compliance with applicable law (including U.S. federal securities laws and other legal and regulatory requirements).
- Risk assessment and risk management.

The Audit Committee is also responsible for preparing the report required by Securities and Exchange Commission rules to be included in the Company's proxy statement for the annual meeting of stockholders, and for performing such other duties and responsibilities as are enumerated in or consistent with this charter.

Membership

Appointment. The Audit Committee members will be appointed by the Board upon recommendation of the Nominating and Corporate Governance Committee, and will serve at the discretion of the Board.

Chair. The Board may, upon recommendation of the Nominating and Corporate Governance Committee, designate a member of the Audit Committee as the Chair of the Committee. In the absence of that designation, the Audit Committee may designate a Chair by majority vote of the Audit Committee members.

Qualifications. The Audit Committee will consist of at least three members of the Board who meet the following criteria (as well as any criteria required by the SEC):

- Each member will meet the independence standards established by the SEC and The Nasdaq Stock Market, and the determination of independence will be made by the Board.
- Each member will be able to read and understand fundamental financial statements and otherwise must comply with all financial-literacy requirements of The Nasdaq Stock Market.
- At least one member will be an “audit committee financial expert,” as determined by the Board in accordance with SEC rules.
- At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background that leads to financial sophistication, including a current or past position as a chief executive or financial officer or other senior officer with financial oversight responsibilities. A person who satisfies the definition of “audit committee financial expert” will also be presumed to have financial sophistication.
- No member shall have participated in the preparation of the financial statements of the Company or any of its current subsidiaries at any time during the prior three years.
- Each member will have such other qualifications as are established by the Board from time to time, or as required by applicable law or the rules and regulations of the SEC or The Nasdaq Stock Market.

Responsibilities and Authority

The following are the principal recurring responsibilities of the Audit Committee. The Audit Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Audit Committee deem appropriate. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

- Internal Controls. The Audit Committee shall review and discuss with management, the internal auditor and the independent auditor the adequacy and effectiveness of the Company’s internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor, the internal auditors or management and any special audit steps adopted in light of any material control deficiencies, and any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company’s internal controls. The Audit Committee shall also review and discuss with management and the independent auditors, disclosure relating to the Company’s internal controls, the independent auditor’s report on the Company’s internal control over financial reporting and required management certifications to be included in or attached as exhibits to the Company’s Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q, as applicable.
- Disclosure Controls and Procedures. The Audit Committee shall review and discuss the adequacy and effectiveness of the Company’s disclosure controls and procedures.

- Select and Hire the Independent Auditor. The Audit Committee shall be directly responsible for appointing, compensating, retaining, overseeing and, where appropriate, replacing the independent auditor. The independent auditor will report directly to the Audit Committee. The Audit Committee shall have sole authority to approve the hiring and discharging of the independent auditor, all audit engagement fees and terms and all permissible non-audit engagements with the independent auditor. The Audit Committee shall also appoint, retain, compensate, oversee and, where appropriate, replace any other 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.
- Supervise and Evaluate the Independent Auditor. The Audit Committee shall:
 - Oversee and, at least annually, evaluate the work of the independent auditor or any other 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, which evaluation shall include a review and evaluation of the lead partner of the independent auditor. The Audit Committee shall review, in consultation with the independent auditor, the annual audit plan and scope of audit activities and monitor such plan's progress.
 - Review and resolve any disagreements that may arise between management and the independent auditor regarding internal control over financial reporting or financial reporting.
 - At least annually, obtain and review a report by the independent auditor that describes (i) the independent auditor's internal quality control procedures, and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding any independent audit performed by the independent auditor, and any steps taken to deal with any such issues.
- Evaluate the Independence of the Independent Auditor. The Audit Committee shall:
 - Review and discuss with the independent auditor the written independence disclosures required by the applicable requirements of the Public Company Accounting Oversight Board or other regulatory body.
 - Review and discuss with the independent auditor on a periodic basis (not less frequently than on an annual basis) any other relationships or services (including permissible non-audit services) that may affect its objectivity and independence.
 - Oversee the rotation of the independent auditor's lead audit and concurring partners and the rotation of other audit partners, with applicable time-out periods, in accordance with applicable law.
 - Consider on a periodic basis whether, in order to assure continuing auditor independence, there should be a regular rotation of the independent auditing firm.

- Take, or recommend to the Board that it take, appropriate action to oversee the independence of the Company’s outside auditor.
- Approve Audit and Non-Audit Services and Fees. The Audit Committee shall (i) review and approve, in advance, the scope and plans for the audits and the audit fees and (ii) approve in advance (or, where permitted under the rules and regulations of the SEC, subsequently) all non-audit and tax services to be performed by the independent auditor that are not otherwise prohibited by law or regulations and any associated fees. The Audit Committee shall also approve all audit and permitted non-audit and tax services that may be provided by other registered public accounting firms. The Audit Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent accountants and any other registered public accounting firm to render services to the Company.
- Review Financial Statements. The Audit Committee shall review and discuss the following with management, the internal auditors and the independent auditor, as applicable:
 - The scope and timing of the annual audit of the Company’s financial statements.
 - The Company’s annual audited and quarterly unaudited financial statements and annual and quarterly reports on Form 10-K and 10-Q, including the disclosures in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and recommend to the Board whether the audited financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” should be included in the Company’s Form 10-K.
 - The results of the independent audit and the quarterly reviews, and the independent auditor’s opinion on the audited financial statements.
 - The reports and certifications regarding internal control over financial reporting and disclosure controls and procedures.
 - Major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company’s selection or application of accounting principles.
 - Analyses prepared by management or the independent auditor 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.
 - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company’s financial statements.
 - Any significant changes required or taken in the audit plan as a result of any material control deficiency.

- Any problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the auditor’s activities or on access to requested information, and management’s response.
- Any significant disagreements between management and the independent auditor.
- Reports and Communications from the Independent Auditor. The Audit Committee shall review and discuss reports from the independent auditor concerning the following:
 - Critical accounting policies and practices to be used by the Company.
 - Alternative treatments of financial information within GAAP that the auditor has discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor if different from that used by management.
 - Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
 - Other matters required to be communicated to the Audit Committee under generally accepted auditing standards and other legal or regulatory requirements.
- Hiring of Auditor Personnel. The Audit Committee shall establish, and oversee compliance with, policies for the Company’s hiring of employees and former employees of the Company’s independent auditor.
- Earnings Press Releases and Earnings Guidance. The Audit Committee shall review before all earnings press releases and review and discuss with management and the independent auditors corporate policies with respect to earnings press releases (with particular attention to any use of “pro forma” or “adjusted” non-GAAP information), as well as financial information and earnings guidance provided to the public, analysts and rating agencies.
- Legal and Regulatory Compliance. The Audit Committee shall review and discuss with management, internal auditors and the independent auditor (i) the overall adequacy and effectiveness of the Company’s legal, regulatory and ethical compliance programs, including the Company’s Code of Business Conduct and Ethics, compliance with the Foreign Corrupt Practices Act of 1977, and similar anticorruption legislation, and compliance with export control regulations and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs. The Audit Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company’s financial statements or accounting policies. The Audit Committee shall discuss with the Company’s senior legal officer any legal matters that may have a material impact on the financial statements or the Company’s compliance procedures.

- Risks. The Audit Committee shall review and discuss with management, internal auditors and the independent auditor at least annually the Company's major financial risk exposures and the steps that management has taken to monitor and control those exposures, including the Company's guidelines and policies, including its investment policies, with respect to risk assessment and risk management.
- Related Person Transactions. The Audit Committee shall review the Company's related person transaction policy and review and oversee all transactions between the Company and a related person (as defined in Item 404 of Regulation S-K), in accordance with the Company's policies and procedures.
- Audit Committee Report. The Audit Committee shall provide a report in the Company's annual proxy statement in accordance with the rules and regulations of the SEC.
- Complaints. The Audit Committee shall establish and oversee procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and reviewing any significant complaints submitted through such procedures.
- Internal Audit. The Audit Committee shall oversee all aspects of internal audit activities and review internal audit plans, reports and management responses.

The function of the Audit Committee is primarily one of oversight. The Company's management is responsible for preparing the Company's financial statements, and the independent auditor is responsible for auditing and reviewing those financial statements. The Audit Committee is responsible for assisting the Board in overseeing the conduct of these activities by management and the independent auditor. The Audit Committee is not responsible for providing any expert or special assurance as to the financial statements or the independent auditor's work. It is recognized that the members of the Audit Committee are not full-time employees of the Company, that it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and that each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which the Audit Committee receives information and (ii) the accuracy of the financial and other information provided to the Audit Committee, in either instance absent actual knowledge to the contrary.

The Company will provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to any independent auditor, compensation to any advisors retained by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee is authorized and empowered to adopt its own rules of procedure not inconsistent with any provision of this charter, any provision of the bylaws of the Company, the laws of the State of Washington or any applicable rule or regulation of an exchange on which the Company's securities are listed.

Meetings and Procedures

Meetings. The Audit Committee will meet at least quarterly (with additional meetings as it deems necessary or appropriate). The Chair of the Audit Committee, in consultation with the other Committee members, shall set meeting times and agendas.

Any person who is not a member of the Audit Committee (including other members of the Board, the Company's senior management, outside auditors, legal counsel, consultants and other advisors) may attend meetings of the Audit Committee only upon the invitation of the Chair of the Committee or a majority of the members of the Committee. However, unless the Audit Committee determines otherwise for a particular meeting or meetings, the Chief Executive Officer, Chief Financial Officer, the internal auditor and one or more representatives of the independent auditor are expected to attend meetings of the Audit Committee, to the extent reasonably practicable. The Audit Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities, including non-management directors who are not members of the Audit Committee.

The Audit Committee will meet separately with the Chief Executive Officer, with the Chief Financial Officer, and with the internal auditor of the Company at such times as are appropriate to review the financial affairs of the Company. The Audit Committee will meet separately with the independent auditor of the Company, at such times as it deems appropriate, but not less than quarterly, to fulfill the responsibilities of the Audit Committee under this Charter. Each regularly scheduled meeting of the Audit Committee will conclude with an executive session of the Audit Committee absent members of management.

Minutes. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

The Audit Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting in accordance with the Company's bylaws, which shall constitute a valid action of the Audit Committee if it has been executed by each Audit Committee member and shows the date of execution. Any written consent will be effective on the date of the last signature and will be filed with the minutes of the meetings of the Board.

Reporting to the Board. The Audit Committee shall report regularly to the Board with respect to the Audit Committee's activities, including any significant 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, the performance of the internal audit function or the performance and independence of the Company's independent auditor, as applicable.

The Audit Committee will summarize its examinations and recommendations to the Board from time to time as may be appropriate, consistent with the Committee's charter.

Committee Charter Review. The Audit Committee shall review and reassess the adequacy of this charter at least annually, and make recommendations to the Board for approval of any proposed changes.

Performance Review. The Audit Committee shall review and evaluate the structure, processes, performance and membership requirements of the Audit Committee at least annually.

Authority to Retain Advisors. The Audit Committee shall have the authority to engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The Audit Committee shall set the compensation, and oversee the work of, any independent counsel or other advisors retained by it. The Company will provide appropriate funding, as determined by the Audit Committee, to pay the independent auditor, any other registered public accounting firm and any independent counsel and any other outside advisors hired by the Audit Committee and any administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its activities.

Compensation. Members of the Audit Committee may not receive any compensation from the Company, including any fees paid directly or indirectly for services as a consultant or legal or financial officer, except the fees that they receive for service as a member of the Board or any committee thereof.

Delegation of Authority. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to pre-approve audit and permissible non-audit services provided such pre-approved decision is presented to the full Audit Committee at a regularly scheduled meeting.

Authority to Investigate and Access. In the course of its duties, the Audit Committee shall have authority, at the Company's expense, to investigate any matter brought to its attention. The Audit Committee shall be given full access to the internal auditors, chair of the Board, management and the independent auditor, as well as the Company's books, records, facilities and other personnel.