

Harris Interactive Reports Fourth Quarter and Full Year Fiscal 2009 Results

ROCHESTER, N.Y. – August 20, 2009 – Harris Interactive (NASDAQ:HPOL), a leading global custom market research firm, today announced its financial results for the fourth quarter and full year fiscal 2009.

“During fiscal 2009, the global recession had a significant impact on the market research industry, especially in the U.S. where the Company generates over 60% of its business. This contraction in the industry had a significant impact on Harris Interactive, resulting in a 23% decline in revenue versus fiscal 2008,” commented Kimberly Till, President and Chief Executive Officer of Harris Interactive. “We proactively responded with aggressive cost cutting measures to better align our cost structure with our revenue, taking \$22 million in annualized costs out of the business in fiscal 2009. We expect to re-invest approximately \$6 million (on an annualized basis) in talent during fiscal 2010 to support our key strategic initiatives,” Till continued.

In the fourth quarter of fiscal 2009, the Company’s U.S. business generated \$1.7 million in operating income, showing the clear benefit of the cost reductions implemented in prior quarters. The Company’s cash position of \$17.8 million at June 30 remained strong despite a challenging fiscal year, leaving the Company well positioned with the financial resources necessary to deliver on its strategic plan in fiscal 2010.

Continued Till, “While we had a difficult year in the face of a challenging market, I am very pleased with a number of key initiatives we accomplished during the year, including assembling a very strong management team across key areas of the business and investing in business development and client outreach to rebuild revenues.”

Financial Highlights

| | For the Three Months Ended June 30, | | For the Twelve Months Ended June 30, | |
|---|-------------------------------------|-----------|--------------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| <i>\$ in millions – unaudited</i> | | | | |
| Revenue | \$ 43.5 | \$ 63.5 | \$ 184.3 | \$ 238.7 |
| Operating income (loss) | \$ (0.1) | \$ (87.7) | \$ (56.4) | \$ (84.6) |
| Net income (loss) | \$ (0.7) | \$ (85.7) | \$ (75.3) | \$ (84.6) |
| Fully diluted net income (loss) per share | \$ (0.01) | \$ (1.61) | \$ (1.41) | \$ (1.60) |
| Adjusted EBITDA* | \$ 2.3 | \$ 2.4 | \$ (5.1) | \$ 16.1 |
| Adjusted EBITDA* with add-back of restructuring and other charges | \$ 2.5 | \$ 5.1 | \$ 6.9 | \$ 20.7 |

* EBITDA is a non-GAAP measure. Adjusted EBITDA, also a non-GAAP measure, is EBITDA less stock-based compensation and non-cash goodwill impairment charges.

Key Financial Statistics

- Total revenue for the fourth quarter of fiscal 2009 was \$43.5 million, as compared with \$63.5 million for the same period in the prior year, representing a decline of \$20.0 million or 31.5%. Included in the decline was an unfavorable foreign exchange rate impact of \$3.5 million or 18% of our overall revenue decline.
- Operating loss for the fourth quarter of fiscal 2009 was \$(0.1) million, as compared with an operating loss of \$(87.7) million for the same period in the prior year. The operating loss for the fourth quarter of fiscal 2009 included \$0.2 million in restructuring and other charges. The operating loss for the fourth quarter of fiscal 2008 included an \$86.5 million goodwill impairment charge and \$2.7 million in restructuring and other charges.
- Net loss for the fourth quarter of fiscal 2009 was \$(0.7) million, or \$(0.01) per fully diluted share, as compared with a net loss of \$(85.7) million, or \$(1.61) per fully diluted share for the same period in the prior year.
- Non-GAAP Adjusted EBITDA* for the fourth quarter of fiscal 2009 was \$2.3 million, as compared with \$2.4 million for the same period in the prior year.
- Non-GAAP Adjusted EBITDA* with add-back of restructuring and other charges for the fourth quarter of 2009 was \$2.5 million, as compared with \$5.1 million for the same period in the prior year.
- Bookings for the fourth quarter of fiscal 2009 were \$36.3 million, as compared with \$53.3 million for the same period in the prior year.
- Sales backlog for the fourth quarter of fiscal 2009 was \$48.8 million, as compared with \$66.8 million for the same period in the prior year.

Shecter Named Board Chairman and Fingerhood Named Lead Independent Director

The Company announced today that Howard Shecter and Steven Fingerhood have been named Chairman of the Board of Directors and Lead Independent Director, respectively, effective following the 2009 Annual Meeting on October 27, 2009. George Bell, Chairman of the Company's Board of Directors and a member of the Nominating and Corporate Governance Committee, has decided not to stand for re-election at the 2009 Annual Meeting.

Recently, Bell made additional commitments to General Catalyst Partners, where he currently serves as a Managing General Partner, and concluded that those commitments preclude him from further service on the Board. "I was pleased to serve on the Harris Board," Bell said, "and I have every confidence that the Company has a bright future under its new leadership team."

“We want to thank George for his over 5 years of service to the Company. His experience, knowledge and leadership have been instrumental in helping guide the Company through challenging operating conditions. While George will be missed, we are excited for Howard and Steven to assume their new roles on the Board,” commented Till.

Fourth Quarter Results Conference Call and Webcast Access

Kimberly Till, President and CEO, will host a conference call to discuss these results on Thursday, August 20, 2009, at 5:00 p.m. EST. Formal remarks will be followed by a question and answer session.

To access the conference call, please dial toll-free **877.591.4954** in the United States and Canada, or **719.325.4935** internationally.

A live webcast of the conference call will also be accessible via the Investor Relations section of our website at www.harrisinteractive.com, where an archived replay of the webcast will be available for 30 days following the call. No telephone replay of the conference call will be provided. This media release will be available under the Investor Relations section of our website at www.harrisinteractive.com prior to the call.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this press release and oral statements made by the Company on its conference call in relation to this release, constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. These statements include, among others, statements as to future economic performance, projections as to financial items, estimates, and plans and objectives for future operations, products and services. In some cases, you can identify forward-looking statements by terminology such as, “may”, “should”, “expects”, “plans”, “anticipates”, “feel”, “believes”, “estimates”, “predicts”, “potential”, “continue”, “consider”, “possibility”, or the negative of these terms or other comparable terminology. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. Such risks and uncertainties include, without limitation, risks detailed in the “Risk Factors” section of the Company’s most recent Annual Report on Form 10-K, as updated quarterly in our Quarterly Reports on Form 10-Q to reflect additional material risks. The Company has filed its reports on Forms 10-K and 10-Q with the Securities and Exchange Commission, and they are available under the Investor Relations section of our website at www.harrisinteractive.com. Risks and uncertainties also include the continued volatility of the global macroeconomic environment and its impact on the Company and its clients, the Company’s ability to sustain and grow its revenue base, the Company’s ability to maintain and improve cost efficient operations, the impact of reorganization and restructuring and related charges, quarterly variations in financial results, actions of competitors, the Company’s ability to develop and maintain products and services attractive to the market and uncertainties surrounding compliance with certain NASDAQ listing requirements.

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 qualified in their entirety by this cautionary statement.

About Harris Interactive

Harris Interactive is a global leader in custom market research. With a long and rich history in multimodal research, powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European and Asian offices and a network of independent market research firms. For more information, please visit www.harrisinteractive.com.

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HARRIS INTERACTIVE INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

| | June 30, 2009 | June 30, 2008 |
|---|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 16,752 | \$ 32,874 |
| Marketable securities | 1,010 | - |
| Accounts receivable, net | 23,163 | 34,940 |
| Unbilled receivables | 6,520 | 11,504 |
| Prepays and other current assets | 7,244 | 8,753 |
| Deferred tax assets | 448 | 3,959 |
| Total current assets | 55,137 | 92,030 |
| Property, plant and equipment, net | 8,015 | 11,953 |
| Goodwill | - | 42,805 |
| Other intangibles, net | 18,540 | 23,302 |
| Deferred tax assets | 2,012 | 14,606 |
| Other assets | 2,367 | 2,353 |
| Total assets | \$ 86,071 | \$ 187,049 |
| Liabilities and Stockholders' Equity | | |
| Accounts payable | \$ 6,738 | \$ 10,779 |
| Accrued expenses | 18,349 | 25,611 |
| Current portion of long-term debt | 6,925 | 6,925 |
| Deferred revenue | 12,531 | 16,226 |
| Total current liabilities | 44,543 | 59,541 |
| Long-term debt | 15,581 | 22,506 |
| Deferred tax liabilities | 4,707 | 4,035 |
| Other long-term liabilities | 3,117 | 2,331 |
| Total stockholders' equity | 18,123 | 98,636 |
| Total liabilities and stockholders' equity | \$ 86,071 | \$ 187,049 |

HARRIS INTERACTIVE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

| | Three months ended | | Twelve months ended | |
|--|--------------------|-------------|---------------------|-------------|
| | June 30, | | June 30, | |
| | 2009 | 2008 | 2009 | 2008 |
| Revenue from services | \$ 43,477 | \$ 63,500 | \$ 184,334 | \$ 238,723 |
| Operating expenses: | | | | |
| Cost of services | 27,760 | 37,628 | 115,235 | 140,578 |
| Selling, general and administrative | 13,794 | 22,164 | 65,678 | 83,084 |
| Depreciation and amortization | 1,783 | 2,190 | 7,610 | 8,526 |
| Restructuring and other charges | 198 | 2,709 | 12,010 | 4,609 |
| Goodwill impairment charge | - | 86,497 | 40,250 | 86,497 |
| Total operating expenses | 43,535 | 151,188 | 240,783 | 323,294 |
| Operating income (loss) | (58) | (87,688) | (56,449) | (84,571) |
| Operating margin | -0.1% | -138.1% | -30.6% | -35.4% |
| Interest and other income | 21 | 210 | 400 | 1,119 |
| Interest expense | (955) | (474) | (3,433) | (1,951) |
| Income (loss) from continuing operations before income taxes | (992) | (87,952) | (59,482) | (85,403) |
| Provision (benefit) for income taxes | (257) | (2,299) | 15,849 | (661) |
| Income (loss) from continuing operations | (735) | (85,653) | (75,331) | (84,742) |
| Income from discontinued operations, net of tax | - | - | - | 124 |
| Net income (loss) | \$ (735) | \$ (85,653) | \$ (75,331) | \$ (84,618) |
| Basic net income (loss) per share: | | | | |
| Continuing operations | \$ (0.01) | \$ (1.61) | \$ (1.41) | \$ (1.60) |
| Discontinued operations | - | - | - | - |
| | \$ (0.01) | \$ (1.61) | \$ (1.41) | \$ (1.60) |
| Diluted net income (loss) per share: | | | | |
| Continuing operations | \$ (0.01) | \$ (1.61) | \$ (1.41) | \$ (1.60) |
| Discontinued operations | - | - | - | - |
| | \$ (0.01) | \$ (1.61) | \$ (1.41) | \$ (1.60) |
| Weighted average shares outstanding - | | | | |
| Basic | 53,749,156 | 53,115,357 | 53,547,670 | 52,861,354 |
| Diluted | 53,749,156 | 53,115,357 | 53,547,670 | 52,861,354 |

Reconciliation of GAAP Income to EBITDA and Adjusted EBITDA

| | Three months ended June 30, | | Twelve months ended June 30, | |
|---|--------------------------------|-------------|---------------------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| GAAP net income (loss) | \$ (735) | \$ (85,653) | \$ (75,331) | \$ (84,618) |
| Income from discontinued operations, net of tax | - | - | - | (124) |
| Interest income | (21) | (210) | (400) | (1,119) |
| Interest expense | 955 | 474 | 3,433 | 1,951 |
| Provision for income taxes | (257) | (2,299) | 15,849 | (661) |
| Depreciation and amortization | 2,182 | 2,595 | 9,125 | 10,045 |
| EBITDA | \$ 2,124 | \$ (85,093) | \$ (47,324) | \$ (74,526) |
| Goodwill impairment charge | - | 86,497 | 40,250 | 86,497 |
| Stock-based compensation (1) | 212 | 950 | 1,965 | 4,091 |
| Adjusted EBITDA | \$ 2,336 | \$ 2,354 | \$ (5,109) | \$ 16,062 |
| Adjusted EBITDA | \$ 2,336 | \$ 2,354 | \$ (5,109) | \$ 16,062 |
| Add-back of restructuring and other charges | 198 | 2,709 | 12,010 | 4,609 |
| Adjusted EBITDA with add-back of specified GAAP charges | \$ 2,534 | \$ 5,063 | \$ 6,901 | \$ 20,671 |

(1) Stock-based compensation expense represents the cost of stock-based compensation awarded by the Company to its employees under FASB Statement 123(R), "Share-Based Payments".