

Actuate Corporation Audit Committee Charter

Organization

This charter governs the operations of the audit committee. The committee shall review and reassess the charter at least annually and recommend any proposed changes, if any, to the board of directors. The committee shall be members of, and appointed by, the board of directors and shall consist of at least three directors. Each member of the committee shall be free of any relationship that, in the opinion of the board of directors, would interfere with their exercise of independent judgment and shall meet the independence requirements under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission"). In addition, the members shall meet the independence requirements of Nasdaq's listing standards. All committee members shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member shall have accounting or related financial management experience or background which results in the individual's financial sophistication. In addition, to the extent possible, at least one member shall be an "audit committee financial expert," as defined by the rules and regulations of the Commission.

Purpose

The audit committee shall provide assistance to the board of directors in fulfilling their oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to: the integrity of the Company's financial statements; the accounting and financial reporting process; the systems of internal accounting and financial controls; the performance of the Company's internal audit function and independent auditors; the independent auditor's qualifications and independence; and the Company's compliance with ethics policies and legal and regulatory requirements. In so doing, it is the responsibility of the committee to maintain free and open communication between the committee, independent auditors, the internal auditors, and management of the Company.

In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention within its purpose and duties. The committee shall have full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties and the Company shall provide appropriate funding for the committee to retain such advisors.

Duties and Responsibilities

The primary responsibility of the committee is to oversee the Company's financial reporting process on behalf of the board and report the results of their activities to the board. While the committee has the responsibilities and powers set forth in this Charter, it is not the duty of the committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP"). Management is responsible for determining that the Company's financial statements are complete and accurate and in accordance with GAAP and for ensuring that the Company has effective internal controls. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior. The following shall be the principal duties and responsibilities of the audit committee. These are set forth as a guide with the understanding that the committee may supplement them as appropriate.

The committee shall have direct responsibility for the appointment and termination (subject, if applicable, to stockholder ratification), compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditor regarding financial reporting, as set forth in Section 10A(m)(3). The independent auditors shall report directly to the committee. The Company shall provide for appropriate funding, as determined by the committee, for payment to the independent auditors.

The committee shall pre-approve all audit and permitted non-audit services provided by the independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act. The committee may delegate pre-approval authority to a member of the audit committee in accordance with Section 10A(i)(3) of the Exchange Act. The decisions of any committee member to whom pre-approval authority is delegated must be presented to the full committee at its next scheduled meeting.

At least annually, the committee shall evaluate the effectiveness and objectivity of the Company's independent auditors.

At least annually, the committee shall obtain and review a report by the independent auditors describing:

- The auditor's internal quality control procedures.
- Any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- All relationships between the independent auditor and the Company (to assess the auditor's independence).

In addition, the committee shall set clear hiring policies for employees or former employees of the independent auditors that meet the rules and regulations of the Commission and Nasdaq listing standards.

The committee shall discuss with the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. Also, the committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs.

The committee shall meet separately periodically with each of management, the internal auditors, and the independent auditors to discuss issues and concerns warranting committee attention. The committee shall provide sufficient opportunity for the independent auditors to meet privately with the members of the committee. The committee shall review with the independent auditor any audit problems or difficulties and management's response.

The committee shall receive regular reports from the independent auditor on the critical accounting policies, practices and judgments of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

The committee shall review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.

The committee shall review earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

The committee shall review and discuss with management and independent auditors the annual audited financial statements to be included in the Company's annual report on Form 10-K, the quarterly financial statements to be included in the Company's Form 10-Qs, the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any other financial disclosures to be included in filings with the Commission prior

to their release. Discussion should include, where appropriate, a discussion concerning the Corporation's accounting principles, critical accounting estimates, financial statement presentation, significant financial reporting issues and judgments (including off-balance sheet structures and the use of pro forma or non-GAAP financial information), the adequacy of the Company's internal controls, and any regulatory and accounting initiatives, correspondence with regulators, or published reports that raise material issues with respect to, or that could have a significant effect on, the Company's financial statements. The committee shall also provide the independent auditors with an opportunity to communicate any matters required to be disclosed to the committee under GAAP.

The committee shall recommend to the board of directors whether the audited financial statements should be included in the Company's Form 10-K

The committee shall establish procedures for the receipt, retention, and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

The committee shall receive corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty.

The committee shall prepare its report to be included in the Company's annual proxy statement, as required by the rules and regulations of the Commission.

The committee shall establish a procedure in the approval of all related party transactions involving executive officers and directors.

The committee shall perform an evaluation of its performance at least annually.