

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF RAINMAKER SYSTEMS, INC.

This charter governs the operations of the Audit Committee (the “Committee”) of the Board of Directors (“Board”) of Rainmaker Systems, Inc. (the “Company”). The Committee shall review and reassess the charter at least annually and obtain the approval of the Board of Directors.

I. Organization

The Committee shall be members of, and appointed by, the Board of Directors and shall be comprised of at least three directors, each of whom are independent of management and the Company. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fees from the Company and are not an affiliated person of the Company or its subsidiaries, and meet the independence requirements of the Nasdaq listing standards. All Committee members shall be financially literate, and at least one member shall be an “audit committee financial expert,” as defined by SEC regulations, and shall be so named.

II. Purpose

The Committee shall provide assistance to the Board of Directors in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to: the integrity of the Company’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company’s 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 and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with 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.

III. Duties and Responsibilities

The primary responsibility of the Committee is to oversee the Company’s financial reporting process on behalf of the Board of Directors (“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. Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. 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 Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate:

A. The Committee shall be directly responsible for the appointment, compensation, retention, and termination of the independent auditors (subject, if applicable, to shareholder ratification), and the independent auditors

must report directly to the Committee. The Committee also shall be directly responsible for the oversight of the work of the independent auditors, including resolution of disagreements between management and the auditor regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. 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. The Committee shall receive a report from the independent auditors at the end of each fiscal year delineating final fees charged for all audit and non-audit services.

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

C. The Committee shall discuss with the independent auditors the overall scope and plans for their 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 (e.g., the Company's Standards of Business Ethics and Conduct).

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

- The firm'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).

E. The Committee shall receive a report, verbal or written, from the independent auditor, prior to the filing of its audit report with the SEC, on all critical accounting policies and practices of the Company, all material alternative treatments of financial information within U.S. generally accepted accounting principles ("US GAAP") that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor, and other material written communications between the independent auditor and management.

F. The Committee shall review and discuss with the independent auditors, prior to the filing of Form 10-K, all items required to be communicated in accordance with SAS-61, including audit adjustments, disagreements with management, consultation with other independent auditors, difficulties in performing the audit, etc.

G. 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 quarter. The Committee shall review the independent auditors' report on management's assertion as of the end of the most recent fiscal year when implemented under SEC rules and regulations. In connection with and prior to giving any required certifications, the CEO and the CFO must disclose to the independent auditors and the Committee all significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect Rainmaker's ability to record, process, summarize and report financial information, and any fraud that involves management or other employees who have a significant role in the Company's internal controls.

H. The Committee shall review with management and the independent auditors the financial statements and disclosures under 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 (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

I. The Committee shall prepare its report to be included in the Company's annual proxy statement, as required by SEC regulations.

J. The Committee shall review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.

K. The Committee shall review and discuss earnings press releases, Forms 8-K as appropriate, as well as financial information and earnings guidance provided to analysts and rating agencies.

L. The Committee shall meet separately periodically with management 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.

M. The 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 the Company of concerns regarding questionable accounting, internal accounting controls, auditing or other matters.

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

O. The Committee shall review, on at least an annual basis, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and any inquiries received from regulators or governmental agencies.

P. The Committee shall review and approve all related-party transactions entered into by the Company.

Q. The Committee shall periodically review the Company's ethics policy and ensure that management has established a system to enforce and comply with its ethics policy.

R. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.

IV. Frequency & Timing

The Committee shall meet from time to time, but at least quarterly, whenever appropriate in order to discharge the functions specified in this charter. The quarterly meetings shall include separate sessions, with management, the internal auditor and the independent auditors. A majority of the Committee will constitute a quorum for the conduct of business.

V. Minutes

Minutes will be kept of each meeting of the Committee and will be provided to each member of the Board. Except for matters reserved exclusively to the authority of the Committee in accordance with SEC and Nasdaq rules, any action of the Committee shall be subject to revision, modification, rescission or alteration by the Board of Directors, provided that no neglect of third parties shall be affected by any such revision, modification, rescission or alteration.

Adopted:

January 28, 2004