

**BLUE CALYPSO, INC.**  
**CORPORATE GOVERNANCE GUIDELINES**

**Adopted October 25, 2011**

These Corporate Governance Guidelines (these “*Guidelines*”) were adopted by the Board of Directors (the “*Board*”) of Blue Calypso, Inc. (the “*Company*”) on October 25, 2011.

These Guidelines are intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While they should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s Certificate of Incorporation and Bylaws, they are not intended to establish by their own force any legally binding obligations.

**I. DIRECTOR RESPONSIBILITIES**

The role of the Board is to: (i) direct the affairs of the Company in the interest of the Company and its stockholders; and (ii) set expectations about the tone and ethical culture of the Company. The Board delegates the day-to-day management of the Company to the Company’s Chief Executive Officer (the “*CEO*”) and other senior executives of the Company, and provides oversight of management.

A. Board Role

The Board fulfills its role (directly or by delegating certain responsibilities to its committees) by:

1. providing advice and counsel to the CEO and senior executives;
2. selecting, regularly evaluating, fixing the compensation of, and, where appropriate, replacing the CEO, and engaging in CEO succession planning, and guiding and overseeing management development;
3. approving the compensation of the Company’s executive officers;
4. providing oversight of Company performance to evaluate whether the business is being appropriately managed;
5. approving strategic plans and providing guidance to management in formulating corporate strategy;
6. reviewing and approving the Company’s financial objectives and major corporate plans and actions (including material capital expenditures and transactions outside the ordinary course of business);
7. designing governance structures and practices to position the Board to fulfill its duties effectively and efficiently;
8. providing oversight of risk assessment and monitoring processes;
9. reviewing and approving changes in the appropriate auditing and accounting principles and practices;

10. providing oversight of internal and external audit processes, financial reporting, and disclosure controls and procedures;
11. overseeing compliance with applicable laws and regulations;
12. setting expectations about the tone and ethical culture of the Company, and reviewing management efforts to instill an appropriate tone and culture throughout the Company; and
13. performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

B. Care, Candor and Avoidance of Conflicts

The Company's directors recognize their obligation individually and collectively to pay careful attention and to be properly informed. This requires regular attendance at and preparation for meetings of the Board and committees thereof, including the advance review of circulated materials, and active participation. The directors also recognize that candor and avoidance (or in circumstances where conflicts are unavoidable or related person transactions are in the interests of the Company, the appropriate handling) of conflicts in fact and in perception are hallmarks of accountability owed to the Company and its stockholders. Directors have an obligation to disclose personal or business interests that involve an actual, potential or apparent conflict of interest to the Chairman of the Board prior to any Board decision related to the matter and, if in consultation with the Audit Committee or other independent Board Committee and the Company's legal department or if none exists, outside counsel appointed by the Board (the "***Outside Counsel***"), it is determined that a conflict exists or the perception of a conflict is likely to be significant, the Audit Committee shall determine how to address, with reference to the Code of Business Conduct, the Executive Code of Ethics and any other applicable Company policies and any related disclosure obligations. Directors having a conflict, potential conflict or apparent conflict shall recuse themselves from any discussion and vote related to the matter.

C. Integrity and Conduct

Each director is expected to act with integrity and to adhere to the policies in the Company's Code of Business Conduct and all other applicable Company policies. Any waiver of the requirements of the Code of Business Conduct for any director must be approved by the Board and will be publicly disclosed as required by applicable rules and regulations of the Securities and Exchange Commission and the requirements of The Nasdaq Stock Market.

D. Confidentiality

Each director has an obligation to keep confidential all non-public information that relates to the Company's business and not use such information for his or her own personal benefit or the benefit of persons or entities outside the Company. Confidential information includes, but is not limited to, information regarding the strategy, business, finances and operations of the Company (or any of the Company's suppliers, customers or other constituents), minutes, reports and materials of the Board and its committees, and

other documents identified as confidential by the Company. Additionally, the proceedings and deliberations of the Board and its committees are confidential. Each director must also comply with the Company's Insider Trading and Public Communications Policy, Code of Business Conduct, and Executive Code of Ethics.

## **II. FORMAL EVALUATION OF THE CEO**

The Board has delegated to the Compensation Committee the task of evaluating the CEO annually and reporting its recommendations to the Board. The Chairman of the Compensation Committee (together with the Chairman of the Board if the Chairman is an independent director) communicates the Board's conclusions to the CEO.

The evaluation is based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, and other factors that the Board and the Compensation Committee agree are appropriate in assessing the CEO's performance. The evaluation is used by the Compensation Committee in determining the CEO's compensation.

## **III. MANAGEMENT DEVELOPMENT AND SUCCESSION PLANNING**

The Board periodically reviews management development and succession plans with respect to senior management positions, and engages the CEO in such discussions. The Board considers from time to time as appropriate potential successors to the CEO in the event of his or her resignation, retirement or disability. The CEO reports at least annually to the Board on succession planning for the senior executive team and the Company's program for management development.

## **IV. DIRECTOR QUALIFICATION STANDARDS**

### **A. Selection of Board Nominees**

Each year, the Board proposes a slate of director nominees to stockholders for election at the Annual Meeting of Stockholders. Stockholders may also nominate directors, as described below.

The Board reviews, on an annual basis, the appropriate criteria that directors are required to fulfill (including experience, qualifications, attributes, skills and characteristics) in the context of the current make-up of the Board and the needs of the Board given the circumstances of the Company. In selecting director candidates, the Board shall consider whether the candidates fulfill the criteria for directors approved by the Board, including integrity, independence, objectivity, sound judgment, leadership, courage and diversity of experience (for example, in relation to finance, operational, strategy, risk, regulatory and oversight experience and skills).

Director candidates must reflect a Board that is comprised of directors who: (i) are predominantly independent; (ii) are of high integrity; (iii) have broad, business-related knowledge and experience at the policy-making level in business or technology, including their understanding of the education and/or software as a service industry and the Company's business in particular; (iv) have qualifications that will increase overall Board effectiveness and (v) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to Audit Committee members.

The Board values the input of stockholders in identifying director candidates. The Board considers recommendations for Board candidates submitted by stockholders using the same criteria it applies to recommendations from the directors and members of management. Stockholders may submit recommendations by providing the person's name and appropriate background and biographical information in writing to the Board, c/o Blue Calypso, Inc., 19111 North Dallas Parkway, Suite 200, Dallas, Texas 75287. Stockholders may also nominate persons for election as directors by following the procedures set forth in Section 8 of the Company's Bylaws.

Invitations to serve as a nominee are extended by the Board itself via the Chairman of the Board.

B. Plurality Vote Standard

The Company's Bylaws provides that the vote required for election of a director by the stockholders shall be the affirmative vote of a plurality of the votes present at a meeting, meaning that the director nominees receiving the most votes will be elected, regardless of whether a majority of the stockholders present voted in favor of such nominees.

C. Board Independence

The Board has established the following guidelines, which conform to the requirements of The Nasdaq Stock Market listing rules, to assist it in determining director independence.

1. A director is not "independent" if:
  - (i) the director is, or has been within the last three years, employed by the Company, or has an immediate family member who is, or has been within the last three years, an executive officer of the Company;
  - (ii) the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
  - (iii) (a) the director is a current partner, or has an immediate family member who is a current partner, of a firm that is the Company's internal or external auditor; (b) the director is a current employee of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company's audit or (d) the director or an immediate family member was, within the last three years (but in either case is no longer), a partner or employee of such a firm and personally worked on the Company's audit within that time;
  - (iv) the director is or has been, or has an immediate family member who is or has been, within the last three years, employed by another company

where any of the Company's current executive officers serves or served on that company's compensation committee; or

- (v) the director is an employee, or an immediate family member is an executive officer, of an organization that has made or received from the Company, payments for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of 2% of such other company's consolidated gross revenues or \$1 million.

For the purposes of these independence standards, a reference to the "Company" includes any parent or subsidiary in a consolidated group with the Company.

"Immediate family member" includes a person's spouse, parent, step-parent, sibling, child, step-child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law or anyone (other than a tenant or employee) who shares a person's home.

- 2. In addition, a director is not "independent" if he or she has any of the following charitable or business relationships:
  - (i) the director is an executive officer or chairman of the board of a tax-exempt entity that, within the past 12 months, received significant contributions from the Company (revenue of the greater of 2% of the entity's consolidated gross revenues or \$1 million in any single fiscal year is considered significant); or
  - (ii) the director has any other business relationships with the Company or with members of senior management of the Company that the Board determines to be material.

D. Commitment and Limits on Other Activities

Directors must be prepared to devote the time required to prepare for and attend Board meetings, and fulfill their responsibilities effectively. Because of the time commitment associated with board service, directors are expected to limit the number of other boards (excluding non-profits) on which they serve to between three and five, with the lower limit applying to directors who are engaged full-time in another business. Directors are asked to advise the Chairman of the Board in advance of accepting an invitation to serve on another board.

E. Term and Age Limits

As an alternative to term limits, the Board formally reviews the performance of each director in determining whether to renominate directors for election. The Board also has set an age limit of 75 for directors to be eligible for nomination, although the Board may waive this limit in special circumstances.

F. Offer of Resignation Upon a Job Change or Other Significant Events

When a director's principal occupation or business association changes substantially from the position such director held when originally invited to join the Board, the director shall submit to the Chairman of the Board an offer to resign. The Board shall review whether

it would be appropriate for the director to continue serving on the Board and recommend to the Board whether, in light of the circumstances, the Board should accept the proposed resignation or request that the director continue to serve. Directors shall inform the Chairman of the Board of other events that would reasonably be perceived to be relevant to considerations about ongoing independence.

## **V. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board has the task of designing, with Company management, an appropriate orientation program for new directors that includes background material, meetings with senior management and visits to Company facilities. The Board also explores, makes available, and designs and provides continuing education opportunities for directors, from time to time.

All directors are encouraged to attend director development programs and conferences that relate to director duties or other corporate governance topics or to other topics relevant to the work of the Board. Each director will be reimbursed for the cost of one such program per year (and reasonable travel and hotel expenses associated with attending such program) selected from among a list pre-approved by the Board, or upon advance approval by the Board to be reimbursed for attending a program not on the list.

## **VI. DIRECTOR COMPENSATION AND STOCK OWNERSHIP**

The Compensation Committee recommends to the Board for approval general principles for determining the form and amount of director compensation, and subject to such principles, evaluates annually the status of Board compensation in relation to comparable U.S. companies (in terms of size, business sector, etc.), reporting its findings and recommendations to the Board for approval.

## **VII. BOARD AGENDA, MATERIALS, INFORMATION AND PRESENTATIONS**

The Chairman of the Board, with input from senior members of management, establishes the agenda for each Board meeting. A schedule of Board meetings and agenda subjects to be discussed for the ensuing year is issued at the beginning of each year (to the degree these can be foreseen), and specific agenda items will be determined prior to each Board and committee meeting. Each director is free to make suggestions to the Chairman of the Board with respect to the inclusion of item(s) on the agenda or additional information to be provided to directors.

Information and data that is important to the Board's understanding of the business is distributed in writing to the Board generally five to seven days before the Board meets, although this is not a strict standard, so as to allow for unusual circumstances. Management should ensure that materials are concise, yet appropriately detailed for the circumstances.

As a general rule, Board meeting time is reserved for discussion. Presentations on specific subjects are forwarded to the directors in advance so that directors may prepare, Board meeting time may be conserved, and discussion time may be focused. However, it is recognized that there may be occasions when an important issue arises without time for written background materials to circulate or the subject matter is not appropriate for written materials, such that more presentation time will be required.

## **VIII. DIRECTOR ACCESS TO SENIOR MANAGERS AND INDEPENDENT ADVISERS**

The Board and its committees are authorized to retain independent advisers to assist them in carrying out their activities and the Company provide adequate resources to compensate such advisers. Directors have complete access to senior management and to the Board's advisers. Directors are expected to use good

judgment to ensure that this contact is not distracting to the business operation of the Company, and that independent advisers are used efficiently.

The Board welcomes regular attendance of senior managers at Board meetings. Should the Chairman and CEO wish to suggest that a senior manager attend on a regular basis, such suggestion is made to the Board for its concurrence. The Board encourages management to bring managers into Board meetings who: (i) can provide additional insight into the items being discussed because of personal involvement in these areas and/or (ii) have future potential such that management believes the Board should have greater exposure to the individual.

## **IX. BOARD COMMUNICATION WITH STOCKHOLDERS AND OTHERS/ANNUAL MEETINGS**

Management, and, in particular, the CEO, speaks for the Company with stockholders, investors, employees, customers, suppliers, the press and others. The Chairman of the Board speaks for the Board. If comments from the Board are appropriate, they should, in most circumstances, come from the Chairman. Directors are expected to take special care in all communications concerning the Company, in light of confidentiality requirements, Company policies and procedures, and laws, rules and regulations prohibiting insider trading, tipping and avoidance of selective disclosure.

The Board encourages effective communications with the Company's stockholders. The Board has established certain methods for the Company's stockholders and other interested parties to use to contact the Board and its committees. Information regarding how to contact the Board and its committees is included below in Section XIII and is posted on the Company's website.

In order to build constructive, informed relationships with stockholders, and encourage transparency and accountability, directors may be available to participate in discussions with stockholders from time to time, as appropriate.

It is a policy of the Board that all directors attend the Annual Meeting of Stockholders absent unusual circumstances (the Company is required to disclose director attendance at such meeting in the Company's next proxy statement or on the Company's website).

## **X. STANDING BOARD COMMITTEES**

The Board currently has two committees: the Audit Committee and the Compensation Committee. Membership on such committees is limited to independent directors. Subject to applicable regulations and listing rule requirements, the Board retains discretion to form new committees or disband current committees depending upon the circumstances.

The Board recommends, after consultation with the CEO, and with consideration of the desires of individual directors, the appointment of directors to various committees and the appointment of committee chairmen, for Board approval.

## **XI. ANNUAL BOARD AND COMMITTEE PERFORMANCE EVALUATIONS**

The Board conducts an annual self-evaluation of its performance and the performance of its committees and individual directors. The Board establishes the methodology for such evaluations and oversees its execution.

## **XII. COMMUNICATING WITH THE BOARD**

Stockholders are invited to communicate to the Board or its committees by writing to: c/o Blue Calypso, Inc., 19111 North Dallas Parkway, Suite 200, Dallas, Texas 75287. In addition, interested parties may communicate with the non-management directors of the Company as a group by writing to the same address.

## **XIII. CORPORATE GOVERNANCE GUIDELINES**

The Board reviews these Guidelines periodically and shall adopt amendments hereto as the Board deems necessary.

These Guidelines are posted on the Company's website for communication to the Company's stockholders.