

**BLUE CALYPSO, INC.  
AUDIT COMMITTEE CHARTER**

**Adopted October 25, 2011**

This Audit Committee Charter (this “*Charter*”) was adopted by the Board of Directors (the “*Board*”) of Blue Calypso, Inc. (the “*Company*”) on October 25, 2011.

*This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it 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, it is not intended to establish by its own force any legally binding obligations.*

**I. GENERAL**

**Purposes**

The Audit Committee (the “*Committee*”), in order to assist the Board in fulfilling its responsibilities, shall oversee:

- management’s conduct of, and the integrity of, the Company’s financial reporting to any governmental or regulatory body, shareholders, other users of Company financial reports and the public;
- the Company’s systems of internal control over financial reporting and disclosure controls and procedures;
- the qualifications, engagement, compensation, independence and performance of the registered public accounting firm that shall audit the annual financial statements of the Company (the “*Independent Auditor*”) and any other registered public accounting firm engaged to prepare or issue an audit report or to perform other audit, review or attest services for the Company, their conduct of the annual audit of the Company’s financial statements and any other audit, review or attestation engagement, and their engagement to provide any other services;
- the Company’s legal and regulatory compliance;
- any proposed, on-going or completed related party transactions and be responsible for the review and approval or ratification of transactions with related persons; and
- the application of the Company’s Code of Business Conduct and Ethics, the Executive Code of Ethics and the Company’s Insider Trading and Public Communications Policy.

In connection with the foregoing, the Committee shall engage in such activities as are necessary or appropriate in order for it to render the annual report of the Committee required to be included in the Company’s annual proxy statement.

All references in this Charter to the Company are intended to refer also to any subsidiary of the Company and any “variable interest entity” whose results of operations are consolidated with those of the Company, except where the context otherwise requires.

### **Access to Information; Delegated Authority; Resources**

In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes. In addition to retaining on behalf of the Company the Company’s Independent Auditor and any other accounting firm the retention of which to prepare or issue any other audit report or to perform any other audit, review or attest services the Committee determines is necessary or appropriate in connection with the conduct of the Company’s business and affairs, the Committee is empowered to retain legal counsel and accounting and other advisors and consultants to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities, including compensation of the Company’s Independent Auditor and any other auditor and any legal counsel, accounting or other advisor or consultant retained by the Committee.

## **II. COMMITTEE MEMBERSHIP**

### **Independence**

The Committee shall consist of three or more members of the Board of whom the Board has selected and each of whom shall be independent for purposes of audit committee membership in accordance with applicable listing standards of The Nasdaq Stock Market, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission (the “SEC”).

### **Financial Literacy**

Consistent with the financial sophistication requirements of The Nasdaq Stock Market, all members of the Committee shall be able to read and understand the Company’s financial statements, including its balance sheet, income statement, and cash flow statement, and at least one member shall be an “audit committee financial expert” as such term is defined under applicable SEC rules.

### **Service on Multiple Audit Committees**

No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board of Directors has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.

### **Tenure**

Except as otherwise directed by the Board, a director selected as a Committee member shall continue to be a member for as long as he or she remains a director or until his or her earlier resignation from the Committee. Any member may be removed from the Committee by the Board, with or without cause, at any time.

### **Committee Chair**

The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee's information needs, except as otherwise provided by action of the Committee. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

### **III. MEETINGS**

The Committee shall meet on a regularly-scheduled basis at least four times per year and additionally as circumstances dictate. At least quarterly, the Committee shall meet, separately, with senior financial management (without the Independent Auditor present) and with the Independent Auditor (without any member of management present), so as to enhance the opportunity for the identification and discussion of all issues warranting Committee attention. The Committee shall otherwise establish its own schedule of meetings. The Committee may also act by unanimous written consent of its members.

Notice of meetings shall be given to all Committee members, or may be waived, in the same manner as required for meetings of the Board. Meetings of the Committee may be held by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum for a meeting, and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee. The Committee shall otherwise establish its own rules of procedure.

### **IV. RESPONSIBILITIES**

#### **General**

The Committee's role is one of oversight. The Company's management is responsible for preparing the Company's financial statements, and the Independent Auditor is responsible for auditing the annual financial statements. The Audit Committee is responsible for reviewing the Company's financial statements. The Board and Committee recognize that Company management, including any internal audit staff, and the Independent Auditor have more time, knowledge and detailed information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any certification as to the work of any auditor.

#### **Duties and Responsibilities**

The following duties, responsibilities and functions are set forth as a guide to fulfilling the Committee's purposes, with the understanding that the Committee may undertake other and different activities, and that the Committee's activities may diverge from those described below, as appropriate under the circumstances.

In such manner as the Committee determines is appropriate to fulfill its purposes, the Committee shall:

A. Oversee the Engagement of the Independent Auditor

1. appoint, evaluate, compensate, oversee the work of, and if appropriate terminate the appointment of the Independent Auditor, who shall report directly to the Committee;
2. review and obtain from the Independent Auditor the annual report delineating all relationships between the Independent Auditor and the Company required by applicable audit professional regulatory standards, and discuss with the Independent Auditor any relationships or services that may impact the objectivity and independence of the Independent Auditor; take appropriate action to satisfy itself of the Independent Auditor's independence, approve any audit-related and permitted non-audit services (including the fees and material terms thereof) to be provided by the Independent Auditor and set clear hiring policies for employees or former employees of the Independent Auditor;
3. review and approve the terms of the engagement of the Independent Auditor and the scope and expected timing of the annual audit;

B. Oversee Attest Engagements of Other Registered Public Accounting Firms

4. appoint, evaluate, compensate, oversee the work of, and if appropriate terminate the appointment of 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 (including the resolution of any disagreements between management and the auditor regarding financial reporting), each of which firms shall report to the Committee, and, if such firm is required to be independent of the Company in accordance with SEC rules, the annual report delineating all relationships between the Independent Auditor and the Company required by applicable audit professional regulatory standards, and discuss with such firm any relationships or services that may impact the objectivity and independence of the firm and take appropriate action to satisfy itself of such firm's independence and approve any audit-related and permitted non-audit services (including the fees and material terms thereof) to be provided by any registered public accounting firm so engaged;

C. Oversee Internal Audit, Internal Controls and Risk Management

5. review and advise the Chief Executive Officer and the Board with respect to the appointment, dismissal and replacement of the Chief Financial Officer and Chief Accounting Officer and consult with the Chief Executive Officer and the Compensation Committee about the performance evaluation and compensation of each;
6. establish and oversee the procedures for the receipt, retention, investigation and treatment of complaints and concerns regarding accounting, internal accounting controls and auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, financial reporting or auditing matters and review and, as necessary, investigate any reports regarding evidence of unremedied material violations of U.S. federal or state securities or

any similar other law or a material breach of fiduciary duties by directors, officers, employees or agents of the Company arising under such laws;

7. oversee management's design and maintenance of the Company's internal control over financial reporting and disclosure controls and procedures, including reviewing and discussing with management and the Independent Auditor the certification and reports of management and the Independent Auditor required in the Company's periodic SEC reports concerning the Company's internal control over financial reporting and disclosure controls and procedures, the effectiveness of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal control over financial reporting;
8. (i) review and discuss with management and the Independent Auditor any major financial risk exposures and assess the steps and processes management has implemented to monitor and control such exposures, (ii) assist the Board in fulfilling its oversight responsibilities regarding the Company's policies and guidelines with respect to risk assessment and risk management, including any significant non-financial risk exposures and (iii) review the Company's annual disclosures concerning the role of the Board in the risk oversight of the Company, such as how the Board administers its oversight function;

D. Oversee Financial Reporting and Auditing

9. review and discuss with management and the Independent Auditor: (i) the critical accounting policies and practices used by the Company, the accounting treatment to be applied in respect of significant new transactions or other significant events not in the ordinary course of the Company's business and any significant changes in management's selection or application of accounting principles; (ii) alternative accounting treatments within generally accepted accounting principles ("GAAP") for material items that have been discussed by the Independent Auditor with management, including the ramifications of the use of such treatments and the treatment preferred by the Independent Auditor and other material written communications between the Independent Auditor and management such as a schedule of unadjusted differences and (iii) the effect of regulatory and accounting initiatives on the Company's financial statements;
10. review and, as appropriate, discuss with management and the Independent Auditor any significant difficulties encountered in the course of audit work (including the review of the Company's interim financial statements), including any restrictions on the scope of audit activities or on access to requested information and any special audit steps adopted by the Independent Auditor in light of any material weakness in the Company's internal control over financial reporting;
11. oversee the Company's financial reporting, including: (i) resolve any disagreements regarding financial reporting between management and the Independent Auditor; (ii) review any significant findings by the auditors relating to the preparation of the Company's financial statements, including any accounting adjustments that were noted or proposed by the Independent Auditor but were "passed" (as immaterial or otherwise), and any "management" or "internal control" letter issued, or proposed to be issued, by the Independent

Auditor to the Company; (iii) review and discuss with management, and the Independent Auditor, prior to public release, the Company's annual and quarterly financial statements to be filed with the SEC including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (iv) with respect to the Independent Auditor's annual audit report, prior to release of the annual audited financial statements, meet with the Independent Auditor without any management member present to discuss the Independent Auditor's views about the qualitative aspects of the Company's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures; (v) recommend to the Board whether to include the audited annual financial statements in the Company's Annual Report on Form 10-K to be filed with the SEC and the quarterly financial statements on Form 10-Q; (vi) prior to submission to any governmental authority of (a) any financial statement of the Company that differs from the financial statements filed or to be filed by the Company with the SEC or (b) any financial statement of a subsidiary of the Company that in the Committee's judgment is material to the Company and that presents information regarding such subsidiary in a way that is materially different from the presentation of such information in the financial statements of the Company filed or to be filed with the SEC, review such financial statements and any report, certification or opinion thereon provided by an Independent Auditor and (vii) periodically review the status of the Company's response to previous audit recommendations;

13. review and discuss with management and the Independent Auditor any material off-balance sheet financing and any other material financial arrangement that does not appear in the financial statements of the Company;
14. discuss with management earnings press releases and review financial information and earnings guidance provided to analysts and to rating agencies, including any such dissemination of financial information not involving the presentation of financial measures in accordance with GAAP;

E. Oversee Legal and Ethical Compliance

15. review periodically with the Company's General Counsel ("**General Counsel**") or a member of the Company's legal department or, if such a department does not exist, with the Company's designated external corporate counsel ("**Outside Counsel**"): (i) legal and regulatory matters that may have a material impact on the Company's financial statements, including any material reserves for legal contingencies and any related financial statement disclosure and (ii) the scope and effectiveness of the Company's legal and regulatory compliance policies and programs;
16. in accordance with, and to the extent provided by, any pertinent policies that shall be adopted by the Board upon recommendation of the Committee, review (on an ongoing basis, as appropriate) and approve or ratify on behalf of the Company, if appropriate, any proposed, on-going or completed transaction involving the Company and: (i) any director or executive officer of the Company; (ii) any nominee for election as a director of the Company; (iii) any security holder who is known to the Company to own of record or beneficially more than

5% of any class of the Company's voting securities and (iv) any immediate family member of any of the foregoing persons, in each case considering any audit procedures or safeguards of the Company's interests appropriate to be instituted in connection with such transaction;

17. review with management, including the General Counsel or a member of the legal department or Outside Counsel and the Chief Financial Officer, if necessary, compliance with, the adequacy of, and any requests for waivers under, the Company's Code of Business Conduct and Ethics, the Executive Code of Ethics and the Insider Trading and Public Communications Policy and act on/make a recommendation to the full Board with regard to any approval or waiver under such codes sought with respect to any executive officer or director;

F. Report and Self-Evaluate

18. oversee the preparation and approve all reports required or appropriate in the conduct of the Committee's responsibilities, including the report for inclusion in the Company's annual meeting proxy statement or annual report required by SEC rules;
19. conduct an annual self-evaluation of the performance of the Committee, including a review of the adequacy of this Charter annually, and recommend to the Board such amendments as the Committee deems appropriate; and
20. report regularly to the Board on Committee findings and recommendations, and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.