

COMMUNICATION INTELLIGENCE CORPORATION

STATEMENT OF INSIDER TRADING POLICY and Guidelines with Respect to Certain Transactions in Company Securities

I. APPLICABILITY OF POLICY

- A. This Policy applies to all transactions in the Company's securities, including Common Stock, options for Common Stock and any other securities the Company may issue from time to time, such as preferred stock, warrants and convertible debentures, as well as to derivative securities relating to the Company's stock, whether or not issued by the Company, such as exchange-traded options.
- B. This Policy applies to all officers of the Company, all members of the Company's Board of Directors, and all employees of, and consultants and contractors to, the Company and its subsidiaries who receive or have access to Material Nonpublic Information (as defined below) regarding the Company. It also applies to members of the above stated groups' immediate families, members of their households and affiliates. Throughout this Policy the term Insider is sometimes used to describe and encompass the above mentioned groups. This Policy also applies to any person who receives Material Nonpublic Information from any Insider.
- C. This Policy applies to all former employees, officers and directors of the Company for a period of sixty days following the termination of service with the Company.
- D. The exercise, for cash, of stock options, warrants or other derivative securities, granted by the Company, are exempt from this Policy Statement provided the exercise price does not vary with the market but is fixed by the terms of the related agreement or plan. However, sales of shares issued pursuant to such derivative securities are subject to this Policy Statement.

II. STATEMENT OF POLICY

- A. General policy: It is the policy of the Company to oppose the disclosure of any Material Nonpublic Information, regarding the Company, acquired in the workplace or otherwise and the misuse of Material Nonpublic Information in securities trading.
- B. Specific Policies
 - 1. Trading on Material Nonpublic Information. No Insider may engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the

date that he or she possesses Material Nonpublic Information concerning the Company, and ending forty-eight hours following the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.

2. Tipping. No Insider may disclose (“tip”) Material Nonpublic Information to any other person (including spouses, minor children, other family members and affiliates) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor will such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities.
3. Confidentiality of Nonpublic Information. Nonpublic information relating to the Company is the property of the Company and the unauthorized disclosure of such information is prohibited.

III. TRADING PERIODS AND GUIDELINES

- A. Prohibited Trading Periods. No officer, director (including any affiliate thereof), employee, immediate family member or others living in the household thereof (Company Personnel) may engage in any transactions in the Company’s securities starting on the first day of the last month of any quarter and ending forty-eight hours following the issuance of a quarterly or year-end earnings release or if otherwise outside of the above stated prohibited trading period, for forty-eight hours following any other public disclosure of information which before such disclosure constituted Material Nonpublic Information.
- B. Allowable Trading Periods. Assuming the absence of Material Nonpublic Information, trading is allowable during all other time periods. However, you should be aware that the closer a transaction is to a quarter or year-end (for which results have not been published), the more sensitive and subject to scrutiny the transaction becomes from the perspective of compliance with applicable securities laws. In addition, the Company reserves the right to close any open trading window at any time if, in the Company’s sole and absolute discretion, the Company believes that doing so is appropriate.
- C. Rule 10b5-1 Trading Plans. Transactions in the Company’s securities executed pursuant to trading plans that comply with Rule 10b5-1 of the Securities Exchange Act of 1934 may be consummated during Prohibited Trading Periods and without regard to knowledge of Material Non-Public Information possessed as of the date of execution of transactions scheduled pursuant to such plans so long as such plans are established in good faith without knowledge of Material Non-Public Information at the time of establishment.
 1. Rule 10b5-1 Trading Plans may only be established during Allowable Trading Periods unless approved by the Chairman of the Company’s Audit Committee.

2. Executive Officers and members of the Company's Board of Directors shall notify the Company's CFO or CLO at least two business days prior to the establishment of a Rule 10b5-1 Trading Plan.
- D. Executing Trades. Prior to executing any transactions in the Company's securities, you must:
1. Determine that the contemplated transaction will be in compliance with this Insider Trading Policy
 - a. If you are unable to reach such a determination, you should not go forward with the contemplated transaction
 2. At least one hour prior to engaging in a transaction in the Company's securities you must notify the Company's CFO or CLO of such transaction. The notification shall be in writing (fax and email acceptable) and you should confirm receipt of such notification with the Company's CFO or CLO via a telephone or an in person conversation prior to the execution of the contemplated transaction. Your written notification should include the following information (a form for this purpose may be obtained from the Company's Controller, CFO or CLO):
 - a. the nature of the transaction
 - b. the number of shares involved in the transaction
 - c. a statement that the transaction does not violate the Company's Insider Trading Policy or any other applicable securities laws
 - d. the signature of the person engaging in the transaction and making the representation per (c) immediately above

IV. OTHER RESTRICTIONS

- A. Company Personnel shall not engage in short sales or put or call options involving the Company's securities:
- B. Trading in Stock of Customers and Suppliers. The Company requires that all Company Personnel refrain from trading in the securities of customers, suppliers or other third party entities with whom the Company has a business relationship if such person is in possession of Material Nonpublic Information, concerning the issuer of such securities.
- C. Unauthorized Disclosure. Company Personnel shall not disclose internal information about the Company to anyone outside the Company or to Company employees except on a need to know basis, as required in the performance of their regular duties for the Company. Company Personnel shall not participate in any Internet-based message boards, chat rooms, weblogs or similar services that in anyway relate to or discuss the Company, its financial performance or its stock.

- D. Communications with the Media, Securities Analysts, Investors and Potential Investors. Communications on behalf of the Company with the media, securities analysts, investors and potential investors must be made only by specifically designated representatives of the Company. Unless you have been expressly authorized to make such communications, if you receive any inquiry relating to the Company you should refer the inquiry to the Company's CFO.
- E. Safeguarding Confidential Information. Care must be taken to safeguard the confidentiality of internal information. For example, sensitive documents should not be left lying on desks, and visitors should not be left unattended in offices containing internal Company documents.

V. DEFINITION OF MATERIAL NONPUBLIC INFORMATION

- A. It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in evaluating ownership of the Company's securities.
- B. While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Examples of such information may include:
 - 1. Financial results
 - 2. Projections of future earnings or losses
 - 3. News of a pending or proposed merger, purchase or sale of assets, reorganizations, recapitalizations, or other similar transactions involving the Company or its subsidiaries
 - 4. Gain or loss of a substantial customer, supplier or licensee
 - 5. Changes in dividend policy
 - 6. New product announcements of a significant nature
 - 7. Significant product defects, recalls or modifications
 - 8. Significant pricing changes
 - 9. Stock splits
 - 10. New equity or debt offerings
 - 11. Filing of a patent application, news of allowance or issuance of a patent

12. Significant litigation exposure due to actual or threatened litigation or pending settlement or disposition of such litigation
 13. Major changes in senior management
- C. Either positive or negative information may be material. Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not readily available to the general public.

VI. CRIMINAL AND CIVIL LIABILITY / DISCIPLINARY ACTION

- A. Individuals who trade on inside information or tip information to others are subject to the following:
1. a jail term of up to 10 years
 2. a criminal fine (no matter how small the profit) of up to \$1 million
 3. a civil penalty of up to three times the profit gained or loss avoided
- B. A Company (and possibly any supervisory personnel) that fails to take appropriate steps to prevent illegal trading is subject to the following:
1. a criminal penalty of up to \$2.5 million
 2. a civil penalty equal to the greater of \$1 million or three times the profit gained or the loss avoided as a result of the Company Personnel's violation
- C. Company Personnel who violate this Insider Trading Policy are subject to dismissal for cause.

VII. INDIVIDUAL RESPONSIBILITY

- A. Individual Responsibility. Each Company Personnel has the individual responsibility to avoid insider-trading violations. The guidelines set forth in this Policy are guidelines only, and appropriate judgment should be exercised in connection with any transactions in the Company's securities.
- B. Affiliates, Family Members and Personal Household. Each Company Personnel is expected to be responsible for the compliance of his or her immediate family and personal household as well as affiliates.
- C. The provisions and procedures of this Policy are guidelines for the benefit of the Company and Company Personnel and are not intended to result in the imposition of liability that would not otherwise exist in their absence.

VIII. ACKNOWLEDGEMENT AND ASSISTANCE

- A. All Company Personnel are required to acknowledge their understanding of, and intent to comply with this Policy Statement.
- B. The form of acknowledgement is at the bottom of the transmittal letter from the Company's CFO attached hereto and must be executed by you and returned to the Company's Controller.
- C. From time to time, the Company may amend this Policy Statement, which amendments shall become immediately effective and binding on all Company Personnel upon notification of such amendments.
- D. Company Assistance. Any person who has any questions about this Policy Statement may obtain additional guidance from our CFO or CLO. Remember, however, that you have the ultimate responsibility for adhering to the Policy Statement and avoiding improper transactions. In this regard, it is imperative that you use your best judgment.