

COMMUNICATION INTELLIGENCE CORPORATION

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the quality and integrity of the Corporation's financial reports; the Corporation's systems of internal controls regarding finance and accounting; and the Corporation's auditing, accounting and financial reporting processes generally. The Audit Committee's primary duties and responsibilities are to:

- a) Serve as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems.
- b) Review and appraise the audit efforts of the Corporation's independent accountants (auditors) and internal accountants.
- c) Provide an open avenue of communication among the independent accountants, financial and senior management and the Board of Directors.

The Audit Committee will primarily fulfill these responsibilities by carrying out the responsibilities and duties enumerated in Section III of this Charter. While the Committee has the responsibilities and duties set forth in this Charter, it is not the Committee's duty (1) to plan or conduct audits, (2) to determine that the Corporation's financial statements are complete and accurate and in accordance with GAAP, which remains the responsibility of the Corporation's management and independent accountants, or (3) to conduct investigations, resolve disagreements, if any, between management and the independent accountants or to assure compliance with laws and regulations.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors. Subject to the next paragraph, each of the members of the Committee shall be independent directors, free from any relationship that, in the opinion of the Board, may interfere with the exercise of his or her independent judgment as a member of the Committee or independence from management and the Corporation. All members of the Committee shall be financially literate (or must become financially literate within a reasonable period of time after his or her appointment), and at least one member of the Committee shall have accounting or related financial management expertise.

Notwithstanding the previous paragraph, one non-independent director can serve on the Audit Committee provided that the Board determines it to be in the best interests of the Corporation and its shareholders. In connection with any such appointment, the Board must disclose the nature of the relationship that makes the individual not independent and the reasons for the Board of Directors' determination in its next proxy statement. Current employees or officers, or their immediate family members may not serve on the Audit Committee under this exemption.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

- A. Review Financial Reports
 1. Review and discuss the Corporation's audited financial statements with the Corporation's management.
 2. Review with management and the independent accountants the interim financial statements prior to filing the 10-Q and publicly releasing quarterly earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

B. Independent Accountants

1. Review and recommend to the Board of Directors the engagement of independent accountants, including approval of their fee and the scope and timing of their audit of the Corporation's financial statements.
2. Review, with the independent accountants, the accountants' report on the Corporation's financial statements.
3. Evaluate the performance of the independent accountants; where appropriate recommend that the Board of Directors replace the independent accountants and approve any proposed discharge of the independent accountants.
4. On an annual basis, obtain from the Corporation's independent public accountants the written disclosures and the letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and discuss with the independent accountant the independent accountant's independence.
5. From time to time, as appropriate, actively engage the Corporation's independent public accountants in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of such accountants and recommend to the Board of Directors appropriate action in response to the outside auditors' report to satisfy itself of the auditors' independence.
6. Inform the independent accountants that they are ultimately accountable to the Board of Directors and the Audit Committee, as representatives of the stockholders.
7. Periodically discuss with the independent accountants, out of the presence of management:
 - a) the Corporation's internal controls, including their recommendations, if any, for improvements in the Corporation's internal controls and the implementation of such recommendations;
 - b) the fullness and accuracy of the Corporation's financial statements; and;
 - c) certain other matters required to be discussed by Statement on Accounting Standards No. 61 ("Communication with Audit Committees"), as adopted by the Public Company Accounting Oversight Board in Rule 3200T and as it may be modified or supplemented, and information that would be required to be disclosed by GAAS.

C. Reviewing and Improving Processes

1. Review, with the independent accountants and the Company's management, policies and procedures with respect to internal auditing and financial and accounting controls.
2. As part of its job to foster open communication, the Committee should meet at least annually with the Corporation's management and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed confidentially.
3. In consultation with the independent accountants, review the integrity and quality of the organization's financial reporting processes, both internal and external, and the independent accountant's perception of the Corporation's financial and accounting personnel.
4. Consider the independent accountants' judgments about the quality and appropriateness of the Corporation's accounting principles as applied and significant judgments affecting its financial reporting.
5. Review any significant disagreement among management and the independent accountants in connection with the preparation of the financial statements.
6. Review with the independent accountants and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.

7. Consider and recommend to the Board of Directors, if appropriate, major changes to the Corporation's financial reporting, auditing and accounting principles and practices as suggested by the independent accountants or management.

D. Other

1. State in the Audit Committee's Report in the Corporation's Annual Proxy Statement whether, based on the review and discussions referred to in items A.1., B.4., B.5. and B.7. above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the last fiscal year.
2. Review and, if appropriate, recommend updates of this Charter annually.
3. Perform any other activities consistent with this Charter, the Corporation's By-laws and applicable law, as the Committee or the Board deems necessary or appropriate.