



CalAmp Corp. Corporate Governance Guidelines

Overview

The Board of Directors (the "**Board**") of CalAmp Corp. (the "**Company**"), has adopted these Corporate Governance Guidelines for the purpose of establishing guidelines by which the Board conducts its oversight of the business of the Company in accordance with its fiduciary responsibilities to the Company's stockholders. These guidelines, along with the charters of the committees of the Board, provide the framework for the governance of the Company. The Governance and Nominating Committee (the "**Governance Committee**") is responsible for assessing the appropriateness and efficacy of the guidelines annually and recommending from time to time changes in these guidelines for approval by the Board as it deems appropriate in the best interests of the Company or as required by applicable laws and regulations.

Board Composition and Performance

The Board of Directors, which is elected by the Company's stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company's business, and monitors the performance of senior management. Consistent with the oversight function of the Board, the Board's core responsibilities include:

- Assessing the performance of the Chief Executive Officer (the "CEO") and other senior management and setting their compensation;
- Planning for CEO and senior management succession and overseeing senior management development;
- Reviewing the Company's strategies and monitoring their implementation and results;
- Overseeing the integrity of the Company's financial statements and the Company's financial reporting process;
- Overseeing the Company's processes for assessing and managing risk;
- Overseeing legal and regulatory compliance;
- Nominating the Company's director candidates and appointing committee members; and
- Providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

1) Board Membership Criteria and Selection

The Governance Committee is responsible for identifying and evaluating candidates for the Board and recommending to the Board candidates for election or reelection to the Board, as provided in the Governance Committee's charter. The Governance Committee may receive suggestions for candidates from multiple sources, including stockholders of the Company. The Governance Committee periodically reviews the mix of skills, experience levels and backgrounds of present and potential Board members in light of anticipated needs.

The policy of the Governance Committee is to consider properly made stockholder nominations for directors. In evaluating such nominations, like all nominations, the Board's criteria will include business experience and skills, independence, judgment, integrity, the ability to commit sufficient time and attention to Board activities and the absence of potential conflicts with CalAmp's interests.

The Governance and Nominating Committee has adopted a director diversity policy pursuant to which it will consider and evaluate director candidates in the context of an assessment of the anticipated needs of the Board as a whole in order to achieve a diversity of occupational and personal backgrounds and a variety of complementary skills so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee the Company's business.

An invitation to join the Board should be extended by the Chairman of the Board, on behalf of the entire Board.

Any proposal to change the size of the Board, or to substitute a new director for an existing director, should be made first by the Governance Committee, then approved by the full Board. After receipt of a recommendation from the Governance Committee, the Chairman of the Board should notify the director of such recommendation prior to the meeting of the Board at which the slate of nominees is proposed to be approved.

2) Director Orientation and Continuing Education

The Board, working with management and the Governance Committee, will provide an orientation process for new directors to familiarize them with the Company's business plan and strategies, its business operations, its risk profile, its code of ethics and business conduct and its corporate governance guidelines and practices. Further, the Company encourages directors to participate in continuing education programs focused on the business, the Company's industry, the legal and ethical responsibilities of board members, and corporate governance best practices.

3) Independent Directors

The Board shall consist of a majority of directors who the Board has determined have no material relationship with the Company and who are otherwise "independent directors" under the Nasdaq Marketplace Rules. The Board makes an affirmative determination regarding the independence of each director annually, based in part on the recommendation of the Governance Committee. Each independent director is expected to notify the Chairman of the Board and the Governance Committee Chair as soon as practicable, of any event, situation or condition that may affect his or her independence.

4) Board Leadership; Lead Director

The Board is responsible for filling the Chairman of the Board and Chief Executive Officer positions. While the positions of Chairman and Chief Executive Officer are currently separate to reinforce the independence of the Board in its oversight of the business and affairs of the Company, the Company has no formal policy in this regard. The Board believes that preserving flexibility with respect to separating or combining the Chairman and Chief Executive Officer roles is the best approach to provide the most appropriate leadership structure as the Company is required to adapt and respond to new challenges and a rapidly changing business and regulatory environment.

In addition to appointing the Chairman and Chief Executive Officer, the Board shall designate one independent, non-employee director to serve as “Lead Director”. As long as the Chairman is an independent, non-employee director, the Lead Director responsibility may be assigned to the Chairman.

5) Size of the Board

The size of the Board is determined by the Board in accordance with the Company's bylaws. The size of the Board may vary based upon the size of the business and the availability of qualified candidates. Board size should facilitate active interaction and participation by all Board members. The Board will review from time to time the appropriateness of its size.

6) Directors Who Change Their Principal Occupation or Status

When a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, the director shall tender a letter of resignation to the Governance Committee Chair. The Governance Committee will review whether the new occupation, or retirement, of the director is consistent with the specific rationale for originally selecting that individual and the guidelines for board membership, and will recommend action to be taken by the Board, if any, regarding the resignation based on the circumstances of the new position or retirement.

7) Limits on Outside Board Memberships

The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors who also serve as CEOs or in equivalent positions should not serve on more than two boards of public companies in addition to the Board, and other directors should not serve on more than five other boards of public companies in addition to the Company's Board.

Directors should advise the Chairman of the Board and the Governance Committee Chair in advance of accepting an invitation to serve on another board.

8) Director Term Limits and Retirement Age

The Board believes that consistent quality in the directorship can be achieved effectively without term limits or a mandatory retirement age. While term limits could help ensure that there are

fresh ideas and viewpoints available to the Board, use of term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Governance Committee reviews each director's continuation on the Board every year. This also allows each director the opportunity to confirm his or her desire to continue as a member of the Board

9) Director Compensation and Stock Ownership

Only non-employee directors receive payment for serving on the Board. The Board believes that the level of director compensation generally should be competitive with that paid to directors of other corporations of similar size and profile in the United States. The Compensation Committee is responsible for making recommendations for the full Board's review and approval with respect to director compensation and benefit programs. Any changes in Board compensation are approved by the full Board.

The Board believes that directors and executive officers should have a financial interest in the Company. Accordingly, the Board has adopted stock ownership guidelines for directors and executive officers. Pursuant to these guidelines, directors are expected to own shares of the Company's common stock with an aggregate acquisition date market value of at least three times the amount of the annual base retainer, which is currently \$40,000. Under the executive officer stock ownership guidelines, officers are expected to own stock with an aggregate acquisition date market value of at least 1.5 times annual base salary, or 2.5 times in the case of the Chief Executive Officer.

10) Number and Frequency of Meetings

The Board will meet at least one time each quarter and in conjunction with the annual meeting of stockholders. The Board believes that the specific number of Board meetings should vary with the circumstances, and that special meetings should be called as necessary.

11) Meeting Attendance

Directors are expected to attend all meetings of the Board and Board committees on which they serve. Attendance of all directors at the Annual Meeting of Stockholders is strongly encouraged but is not required.

12) Executive Sessions of the Board and Board Committees

Non-employee directors of the Board and Board committees will meet in executive session routinely and regularly. During the executive sessions, the non-employee directors should have access to the Chief Executive Officer and other members of senior management. In addition, the Audit Committee of the Board should meet periodically with the Company's outside auditors without management present at such times as it deems appropriate. The Chairman of the Board or the committee chair, as applicable, presides over these executive sessions.

13) Access to Management and Outside Advisors

Directors should have reasonable direct access to the Company's officers and employees. Directors will use judgment to ensure that contact with the Company's officers or employees is not distracting to the operation of the business and that such contact, if in writing, is copied to the Chief Executive Officer. At the invitation of the Board, members of senior management recommended by the Chairman attend Board meetings or portions thereof for the purpose of participating in discussions.

The Board encourages the officers to include other members of management in Board meetings, as appropriate, who can provide additional insight into the items being discussed because of personal involvement in these areas, and/or are managers that the officers believe should be given exposure to the Board.

In performing its functions, the Board and each committee of the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.

14) Assessing the Board's Performance

At least annually, the Board will conduct a self-evaluation utilizing a Self-Appraisal Questionnaire and/or other appropriate means developed by the Governance Committee and approved by the Board. The self-evaluation will be designed to assess the Board's contribution as a whole and the contributions of the committees of the Board and to specifically review areas in which the directors believe a better contribution could be made. All directors are free to make suggestions on improvement of the Board's practices at any time and are encouraged to do so. The Governance Committee will manage the Board review process. In addition, each of the Board's committees conducts an annual self-evaluation.

15) Ethics and Conflicts of Interest

The Board expects all directors, as well as officers and employees, to act ethically at all times and to adhere to the Company's Code of Business Conduct and Ethics, including the conflict of interest provisions included therein. Any waiver of this Code for executive officers or directors may be made only by the Board and will be promptly disclosed, along with the reasons therefore, as required by applicable law or stock market regulations.

Board Meeting Procedures

16) Selection of Agenda Items for Board Meetings

The Chairman of the Board and Lead Director, in consultation with other Board members and management, should establish the agenda for each Board meeting. Board members may include particular items on the agenda by contacting the Chairman and/or Lead Director.

17) Distribution of Board Materials

Information important to the Board's understanding of the business and materials related to agenda items will be distributed to the Board sufficiently in advance of meetings to allow directors to prepare for discussion of the items at the meetings, to the extent possible.

18) Board Oversight of Risk

The Board seeks to understand and oversee the most critical risks relating to the Company's business, allocate responsibilities for the oversight of risks among the full Board and its committees, and see that management has in place effective systems and processes for managing risks facing the Company. Overseeing risk is an ongoing process and risk is inherently tied to the Company's strategy and to strategic decisions. Accordingly, the Board considers risk throughout the year and with respect to specific proposed actions. While the Board is responsible for oversight and direction, management is charged with identifying risk and establishing appropriate internal processes and an effective internal control environment to identify and manage risks and to communicate information about risk to the Board. Committees of the Board also play an important role in risk oversight, including the Audit Committee, which oversees the Company's processes for assessing risks and the effectiveness of its internal controls. In fulfilling its duties, the Audit Committee considers information from the Company's independent auditing firm. Additionally, the Compensation Committee periodically reviews the Company's compensation policies and profile with management to ensure that compensation supports the Company's goals and strategic objectives without creating risks that may have a counterproductive effect on the Company.

19) Corporate Strategy

The Board will provide oversight to management in formulating corporate strategy, and should review the Company's long-term strategic plans during at least one Board meeting each year.

Committee Matters

20) Number, Structure and Independence of Committees

The current three standing committees of the Board are Audit Committee, Compensation Committee, and Governance Committee. The Board may from time to time establish additional committees to oversee specific matters under delegated authority from the Board. Committee membership on all the committees will consist only of "independent directors" as defined by the Nasdaq Marketplace Rules.

21) Committee Charters

Each committee has its own charter approved by the Board that sets forth the purpose, membership requirements, authority and responsibilities of the committee within the scope of authority granted by the Board. Each committee is responsible for reviewing the adequacy of its charter on an annual basis to determine whether any changes are warranted.

22) Evaluation of Committee Performance and Committee Charters

Each Board committee will perform an annual evaluation of its performance and the adequacy of its charter. The results of the evaluation will be reported to the full Board along with any proposed charter modifications, which require Board approval.

23) Frequency and Length of Committee Meetings

The chair of each Board committee, in consultation with committee members, will determine the frequency and length of the meetings of each committee, considering all relevant factors including the committee's mandate and nature of current committee business to be discussed. The committee chairs have the authority to call additional committee meetings as required at times other than in conjunction with scheduled meetings of the full Board.

24) Committee Agenda and Distribution of Committee Materials

The Chair of each Board committee, in consultation with committee members and management, will develop the Committee's agenda and materials related to agenda items. Such materials and the agenda will be distributed in writing to the applicable committee sufficiently in advance of meetings to allow committee members to prepare for discussion of the items at the meetings.

25) Committee Assignments and Rotation

All committee assignment changes are approved by the Board, upon recommendation of the Governance Committee. The Board has not adopted a specific tenure policy for committee chairs. The Board generally believes that continuity of experience in the specific functions of these committees is beneficial to efficiently discharging its oversight responsibilities. Nonetheless, committee assignments, including committee chairs, are reviewed annually and are rotated or otherwise changed if deemed appropriate.

26) Management Succession Planning

It is the responsibility of the Governance Committee to periodically review the Company's succession plans relating to the Chief Executive Officer and other senior officers, and to make recommendations on succession planning matters to the full Board.

27) Periodic Review of Guidelines

The Governance Committee and the Board will review these guidelines no less frequently than annually.