

**PHOENIX TECHNOLOGIES LTD.**  
**CORPORATE GOVERNANCE GUIDELINES**

**A. Role of the Board of Directors**

The Board of Directors (the “Board”) of Phoenix Technologies Ltd. (the “Company”) is committed to fostering and maintaining the highest standards of corporate governance, integrity, responsibility and ethical decision-making in the business operations of the Company. These corporate governance guidelines support the Board’s commitment to these principles.

The Board is the ultimate decision-making body of the Company. As it is elected by the stockholders of the Company, the primary duty of the Board is to oversee Company management and to assure that stockholder long-term interests are served. The Board establishes and promotes the Company’s business and organizational objectives through oversight, review and counsel. The Board considers its key functions to include the following:

- *Management Planning and Oversight.* The Board selects, evaluates and compensates the Chief Executive Officer (CEO) of the Company and plans for CEO succession. The Board also provides counsel and oversight in the selection, evaluation and compensation of, and succession planning for, other members of the Company’s senior management; and approves the appointment and compensation of executive officers.
- *Strategic and Operational Planning.* The Board is responsible for reviewing, understanding and approving strategic plans and annual operating plans, and monitoring the implementation and execution of those plans. The Board believes it is important to establish and evaluate long-term objectives and not to over-emphasize short-term performance
- *Major Corporate Actions.* The Board is responsible for reviewing, understanding and approving significant financial and business transactions and other major corporate actions.
- *Financial Reporting.* The Board reviews and discusses with management the financial statements and reports of the Company, and oversees the establishment and maintenance of controls, processes and procedures to ensure accuracy, integrity and clarity in financial and other disclosures.
- *Governance, Compliance and Risk Management.* The Board is responsible for establishing and maintaining governance and compliance processes and procedures to ensure that the Company is managed with the highest standards of responsibility, ethics and integrity.
- *General Advice to Management.* The Board provides general advice and counsel to the CEO and senior management in connection with issues arising during the course of managing the Company’s business.

The Board recognizes that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders, including employees, customers, vendors, government, local communities and the public.

**B. Board Composition and Selection**

1. Size of Board. The Board periodically reviews its size to determine the size that is appropriate for its effective operation. In general, the Board believes that its appropriate size is 6 to 8 members.
2. Director Independence. A substantial majority of the directors serving on the Board shall meet the criteria for independence as set forth in the listing standards of the NASDAQ Stock Market and any applicable laws and regulations. The Board shall evaluate the independence of each director on an annual basis and disclose the independent directors in the Company's annual meeting proxy statement.
3. Director Selection and Criteria. Directors will be nominated by the Board based upon the recommendations of the Nominating and Corporate Governance Committee ("N&G Committee") of the Board, in accordance with the charter and principles of that committee. The N&G Committee is responsible for annually reviewing with the Board the appropriate skills and characteristics required of Board members as well as the composition of the Board as a whole. Characteristics expected of all directors include independence, integrity, high personal and professional ethics, sound business judgment and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of director nominees, the N&G Committee takes into account many factors, including the following: (i) general understanding of technology, marketing, finance and other disciplines relevant to the success of a publicly traded company in today's business environment; (ii) understanding of the Company's business and technology; (iii) educational and professional background; (iv) personal accomplishments; and (v) geographic location, gender, age, and ethnic diversity. All director nominees will be selected based on the foregoing and any other criteria approved by the Board. The N&G Committee uses a variety of sources, including executive search firms and stockholder recommendations, to identify director candidates. The N&G Committee retains any search firms and the fees for such firms will be approved by the Board. The Board, together with the Chairman of the N&G Committee and the Chairman of the Board, will extend the actual invitation to a director nominee to join the Board.

The N&G Committee will consider candidates recommended by stockholders. Stockholders wanting to suggest director candidates should submit their suggestions in writing to the attention of the Corporate Secretary of the Company, providing the candidate's name and qualifications for service as a Board member, a document signed by the candidate indicating the candidate's willingness to serve, if elected, and evidence of the stockholder's ownership of Company stock. A stockholder wanting to formally nominate a candidate must do so by following the procedures described in Section 11 of the Company's Bylaws.

The Board nominates director candidates for election by the stockholders and fills any Board vacancies that occur between stockholder elections pursuant to the Company's Bylaws.

4. Chairperson of the Board. The general policy of the Board is that the positions of Chairman of the Board and CEO shall be held by different individuals, with an independent director serving as Chairman. The Board may take exception to or modify this policy in the future should the Board determine in its reasonable judgment that circumstances warrant such exception or change.
5. Material Change in Employment. An independent director whose employment responsibilities change materially from when he or she was elected to the Board should offer to resign from the Board. The N&G Committee of the Board shall then review the continued appropriateness of

Board membership under the changed circumstances, and recommend to the Board whether or not to accept the resignation.

6. Other Commitments. Each director shall ensure that other existing and anticipated future commitments do not materially interfere with such director's service as a member of the Board and are consistent with the Company's conflict of interest policies. Without specific approval from the Board, no director may serve on more than six (6) public company boards (including the Company's Board) and no member of the Audit Committee may serve on more than three (3) public company audit committees (including the Company's Audit Committee). In addition, directors who also serve as CEOs or in equivalent positions generally should not serve on more than two public company boards, including the Company's Board, in addition to their employer's board. Any Audit Committee member's service on more than three (3) public company audit committees will be subject to the Board's determination that the member is able to effectively serve on the Company's Audit Committee.
7. Term Limits; Retirement Policy. The Board does not believe it should limit the number of terms for which an individual may serve as a director, or establish a mandatory retirement age. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies, and objectives. The Board believes that, as an alternative to term limits or a mandatory retirement policy, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these corporate governance guidelines.

### **C. Director Responsibilities; Board Meetings**

1. Exercise of Business Judgment. The fundamental role of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility, the directors should be able to rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors. The directors should have the benefit of directors' and officers' liability insurance, paid for by the Company, as well as indemnification to the fullest extent allowed under the Company's bylaws and Delaware law, and the exculpation as provided by Delaware law and the Company's certificate of incorporation.
2. Frequency of Meetings; Attendance. The Board will generally hold four (4) regularly scheduled meetings per year and will hold additional special meetings as necessary. Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a director is not possible and that conflicts may arise that may prevent a director from attending a regularly scheduled meeting. The Board expects, however, that each director will make every possible effort to keep absences to a minimum. Although participation by conference telephone or other communications equipment is allowed, personal attendance is encouraged.
3. Annual Meeting of Stockholders. All directors are expected to attend the Company's annual meeting of stockholders.

4. Meeting Agendas. The Chairman of the Board, in consultation with executive management and the other members of the Board, will establish the agenda for each Board meeting. The agenda will be distributed to the Board in advance of each meeting.
5. Review of Materials. All information relevant to the Board's understanding of matters to be discussed at an upcoming Board or Board committee meeting should be distributed in writing or electronically to all members in advance, whenever feasible and appropriate. Each director is expected to review this information in advance of the meeting to facilitate the efficient use of meeting time. In preparing this information, management should ensure that the materials distributed are as concise as possible, yet give directors sufficient information to make informed decisions. Particularly sensitive subject matters may be discussed at the meeting without advance distribution of written materials.
6. Executive Sessions. The independent directors of the Company will meet regularly in executive session, i.e., with no employee directors or management present—at least four (4) times each fiscal year. Executive sessions of the independent directors will be called and chaired by the Chairman of the Board, if the Chairman is an independent director, or otherwise by the Chairman of the N&G Committee. These executive sessions will generally take place immediately before or after a regularly scheduled Board meeting.

#### **D. Board Committees**

1. Standing Committees. A Nominating and Corporate Governance Committee, Audit Committee and Compensation Committee of the Board shall exist at all times. All of the members of these committees shall be independent directors, and shall also meet the other membership criteria specified in the respective charters for these committees. Committee members will be appointed by the Board upon recommendation by the N&G Committee, in accordance with the charter and principles of that committee.
2. Committee Charters. Each of the above committees shall have its own charter. The charter will set forth the principles, policies, objectives and responsibilities of the committees in addition to the qualifications for committee membership, procedures for committee member nomination and removal, committee organization and functioning and how the committee will communicate with the Board. The charters will provide that each committee will meet to review its performance at least once a year.
3. Committee Meetings. The chairperson of each committee will, in consultation with the appropriate committee members and members of Company management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.
4. Other Committees. The Board may, from time to time, form new committees or remove existing committees (other than the standing committees listed above) as it deems appropriate in the fulfillment of its duties and responsibilities.

#### **E. Access to Employees and Advisors**

1. Access to Employees. The Board should have access to Company employees to ensure that directors can ask all questions and glean all information necessary to fulfill their duties. The Board may specify a protocol for making such inquiries. Management is encouraged to invite Company personnel to any Board meeting at which their presence and expertise would help the

Board have a full understanding of matters being considered. In addition, all Board members should have direct access to the Corporate Secretary, who should only be appointed and removed by the Board.

2. Access to Independent Advisors. The Board and its committees have the right at any time to retain independent outside auditors and financial, legal, or other advisors, and the Company will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

#### **F. CEO Evaluation; Succession Planning**

1. Annual CEO Evaluation. The Board evaluates CEO performance annually after evaluation and recommendation from the Chairman (or the Compensation Committee, if the Chairman also serves as the CEO), according to corporate goals and objectives specified by the Compensation Committee. Such evaluation should be based on objective criteria, such as performance of the business, accomplishment of near- and long-term strategic objectives, and development of management. The Compensation Committee recommends the CEO's compensation package to the Board, and considers the evaluation conducted by the Board as part of determining its recommendation. The Chairman will review the evaluation results with the CEO.
2. Succession Planning. The Board will periodically review CEO succession planning with the CEO, as well as develop plans for interim succession for the CEO in the event of an unexpected occurrence.

#### **G. Board Self-Evaluation; Compensation and Equity Ownership**

1. Evaluation. The N&G Committee is responsible for conducting an annual evaluation of the performance of the Board and each of its members. In addition, each committee of the Board is responsible for conducting an annual performance evaluation. Evaluation results are reported to the Board. The N&G Committee's report should generally include an assessment of the Board's compliance with the principles set forth in these guidelines, as well as identification of areas in which the Board could improve its performance. Each committee's report generally should include an assessment of the committee's compliance with the principles set forth in these guidelines and the committee's charter, and identify areas in which the committee could improve its performance.
2. Compensation. The form and amount of compensation for independent directors will be evaluated annually by the Compensation Committee in accordance with the policies, principles and criteria set forth in its charter, and the committee will recommend any adjustments or modifications to the Board.
3. Equity Ownership. Directors are encouraged to own shares of the Company's stock (other than shares acquired in connection with the exercise of stock options) in order to further align the interests of directors and stockholders. The Board does not believe it is necessary or appropriate to establish any minimum ownership expectations and will allow each director to determine the appropriate level of ownership in accordance with his or her circumstances.

## **H. Miscellaneous**

1. New Director Orientation. The Company will have an orientation program for new directors, which will include presentations that review the Company's business strategies, its financial and accounting systems and risk management controls, its Code of Ethics and compliance programs, and its independent auditor. Incumbent directors are also invited to attend the orientation program.
2. Training and Education. The Company provides regular training to the Board conducted by outside corporate governance experts that includes a review of current responsibilities and developments in the field of corporate governance. In addition, the Company supports continuing director education and offers all directors the opportunity to attend additional appropriate continuing education programs. Management periodically notifies directors of such educational opportunities.
3. Company Policies. All directors are subject to the Insider Trading Policy and Code of Ethics of the Company.

The policies and practices memorialized in these corporate governance guidelines will be reviewed by the N&G Committee at least every two (2) years and any changes will be recommended to the Board for approval.

Approved: July 16, 2007