

PHOENIX TECHNOLOGIES LTD.
INSIDER TRADING POLICY

As a director, officer or employee of a public company such as ours, you are subject to certain rules which may limit your ability to buy and sell shares of Phoenix Technologies Ltd. (“Phoenix” or the “Company”) common stock. The principal rule – Rule 10b-5 under the Securities Exchange Act of 1934 – prevents you from buying or selling stock when you have “material” information about the Company which is not known to the public.

The following is the Company’s Insider Trading Policy. Failure to comply with this policy could result in a serious violation of the securities laws by you and/or the Company. Therefore, it is important that you review this policy carefully.

GENERAL RULE

Any person who knows material information concerning Phoenix or concerning the companies with which the Company does business that has not been disclosed to the public must not buy or sell, and must not advise others to buy or sell, Company common stock (or the stock of the company with which Phoenix does business) until full disclosure of such information has been made to the public and the market has had an opportunity to “digest” the information so that it is reflected in the stock price.

APPLICABILITY OF POLICY; DEFINITION OF INSIDERS

All Directors, Officers and Any Level of Employee and Even Non-Employee Consultants Can be Considered “Insiders”

This policy applies to all purchases or sales of the Company’s common stock by “insiders.” **An insider is any person who knows material information about the Company that has not been fully disclosed to the public.** This policy also applies to the immediate families (defined as direct family members living in the same household) of such insiders. A person can be an “insider” for a limited period of time with respect to certain undisclosed information which that person knows, even though he or she may not be an “insider” with respect to other information. For example, an assistant who learns that earnings are significantly below expectations may be an insider with respect to that information until the news has been fully disclosed to the public.

“Tipping” Inside Information

In addition, “insiders” may be liable for improper transactions by “tippees,” *i.e.*, persons to whom they have disclosed material inside information regarding the Company (including but not limited to family members). Therefore, if you have received inside information, you should not disclose this information to anyone outside of the Company. You should also not disclose this information, in writing or casually, to any other Company employee unless that employee has a need to know the information in order to perform his or her job.

WHAT IS MATERIAL INFORMATION?

Material information is any information that a reasonable investor would consider important in deciding to buy, hold or sell a particular stock. Whether information is material requires an analysis of all pertinent circumstances. In short, however, it is any information that could reasonably affect the price of the stock. **As a general rule, if the information makes you think**

of buying or selling the Company's stock, it probably would have the same effect on others and probably constitutes material information.

Common examples of information that will frequently be regarded as material are: projections of future earnings or losses; news of a pending or proposed merger, acquisition or tender offer; news of a significant sale of assets or disposition of a subsidiary; changes in dividend policies or the declaration of a stock split or the offering of additional securities; changes in management; significant new products or discoveries; significant regulatory actions or developments in major litigation; the gain or loss of a substantial customer or supplier; and impending bankruptcy or financial liquidity problems. Either positive or negative information may be material.

If you have questions as to the materiality of information, or if you think you might be regarded as an insider with respect to certain information, you should contact the General Counsel or the CFO, before you buy or sell Company stock.

WHEN IS MATERIAL INFORMATION CONSIDERED PUBLIC?

Information is non-public until it has been effectively communicated to the market place and a reasonable period has elapsed. As a general rule, information should be considered public no sooner than one (1) full business day after its broad publication or dissemination. You need to be able to point to some fact to show the information is generally publicly known. For example, information found in a report sent to stockholders or reported by a national news or wire service or a national newspaper such as the *Wall Street Journal* or *New York Times* or other publication of general circulation would be considered public.

For example:

- (i) If the Company makes a public announcement or files an SEC report on a Monday, Wednesday generally would be the first day on which you should trade;
- (ii) If an announcement is made pre-market (i.e., prior to NASDAQ market hours) on a Monday, Tuesday generally would be the first day;
- (iii) If an announcement is made on a Friday, Tuesday generally would be the first day; and
- (iv) If an announcement is made pre-market on a Friday, Monday generally would be the first day.

BLACKOUT PERIOD.

Because during the period immediately prior to an earnings release, directors, officers and other key employees often have information that is material and non-public (e.g, what earnings are likely to be, trends and the like), companies may often impose a "bright-line" standard or a blackout period during which no director, officer or employee (and his or her related persons) is permitted to purchase or sell the company's shares. This helps prevent these individuals from becoming subject to liability for "insider trading," as well as avoiding even the appearance of an improper transaction.

The Company's blackout period begins on the Monday that is at least two (2) weeks before the end of the quarter and ends at open of market one full business day after the release of the Company's quarterly earnings report to the public. See the announcement timing examples in the section above.

Just because there is no general “blackout,” does not always mean you can buy or sell. If you know information that is material or non-public (e.g. merger negotiations), you may not buy or sell even when no general blackout is in place. Again, if you are not sure, you should contact the General Counsel or the CFO before you buy or sell Company stock.

PROTECTING CONFIDENTIAL INFORMATION.

Whether non-public information is proprietary about the Company or information that could have an impact on the Company’s stock price, you should not pass the information to others (including family members) unless the person has a genuine “need to know” the information in order to perform his or her functions for the Company. If you “tip” material non-public information to a person, you can become subject to liability even if you do not derive a financial or other benefit from that person’s actions.

All non-public information regarding the Company should be considered “confidential.” Special care should be taken so that such information is not disclosed inadvertently, e.g. mentioned in discussions outside the office such as in elevators, taxicabs, airplanes and restaurants or left on desks where visitors might view it. Unauthorized disclosure of material internal information could cause competitive harm to the Company and in some cases could result in liability for the Company.

THE MEDIA.

The prohibition against disclosing confidential information applies specifically (but not exclusively) to inquiries about the Company that may be made by the media, investment analysts or others in the financial community, including investors. Communications on behalf of the Company to the media, investment analysts and the like must be made only by specifically designated representatives of the Company. Unless you have been expressly authorized to make such communications, you should refer the inquiry to the General Counsel or the CFO.

If in the course of a conversation with an investment analyst, investor or the like, material non-public information is selectively disclosed, a press release that addresses the selectively disclosed information should be considered.

ADDITIONAL PROHIBITED TRANSACTIONS.

Because we believe it is improper and inappropriate for any Company personnel to engage in short-term or speculative transactions involving Company stock, it is the Company’s policy that directors, officers, employees and consultants should not engage in any of the following activities with respect to the securities of the Company:

1. Trading in Securities on a Short Term Basis. Any Company stock purchased in the open market should be held for a minimum of six months and ideally longer. Note that the SEC’s short-swing profit rule already penalizes officers and directors (Section 16(b) individuals) who profit from the sale of any Company stock within six months of a purchase. If an officer or director wishes to sell Company stock purchased in the open market and which has been owned less than six months, or purchase Company stock within six months of a sale, written pre-clearance from the General Counsel or the CFO must be obtained prior to the transaction.

2. Any Trade by an Officer or Director. Any transaction in Company stock by any officer or director must be cleared by the General Counsel or the CFO. This means that you must get authorization before you buy, sell, exercise options, give stock as a gift – any transaction. The only exception is if you have properly entered into a “planned sale program” (i.e., a 10b5-1 Trading Plan), the form of which has been approved by the Company. In addition, as of August 29, 2002, all trades by officers and directors must be filed with the SEC within 2 business days after the trade is done. Officers and directors must report trades to the Company within 24 hours after completion so that the Company has time to complete the appropriate filings.

3. Purchases of the Company’s Stock on Margin. This means borrowing from a brokerage firm, bank or other entity in order to buy the Company’s stock.

4. Short Sales of the Company’s Stock. This involves selling Company stock you do not currently own in the expectation that the price of the stock will fall, or as part of an arbitrage transaction.

5. Buying or Selling any Derivatives Involving the Company’s Stock. This includes options trading on any of the stock exchanges or future exchanges.

PENALTIES FOR INSIDER TRADING

The consequences of insider trading violations can be substantial:

For individuals who trade on inside information (or tip information to others):

- A jail term of up to ten years;
- A civil penalty of up to three times the profit gained or loss avoided; and
- A criminal fine (no matter how small the profit) of up to \$1 million.

For a company (as well as any controlling person or supervisory personnel) that fails to take appropriate steps to prevent illegal trading:

- A civil penalty of the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee’s violation; and
- A criminal penalty of up to \$2.5 million.

TWENTY-TWENTY HINDSIGHT.

Remember, if your securities transactions become the subject of scrutiny, they will be viewed after the fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators and others might view your transaction in hindsight.

ALMOST NO EXCEPTIONS TO THE POLICY.

There are almost no exceptions to the prohibition against insider trading. It does not matter that delaying the transaction would result in economic loss to you. Finally, remember that there are no limits on the size of a transaction that will trigger insider trading liability; stock market

surveillance techniques are becoming more sophisticated all the time and even relatively small trades have in the past occasioned SEC investigations and lawsuits.

You are encouraged to contact Tim Chu, General Counsel, at (408) 570-1051, if you have any questions regarding this matter.

Last Update: June 1, 2007