

LYNTRIS INC.

CORPORATE GOVERNANCE GUIDELINES

1. THE ROLES OF THE BOARD OF DIRECTORS AND MANAGEMENT

A. *The Board of Directors* – The business of Lyntris Inc. (the “**Company**”) is conducted under the oversight of the Board of Directors (the “**Board**”). The Board selects the Chairman and Chief Executive Officer (the “**CEO**”) and delegates to the CEO the authority and responsibility to manage the Company’s operations. The members of the Board serve as elected representatives of the stockholders, act as advisors and counselors to the CEO and senior management, oversee management performance on behalf of stockholders, and assess the risks facing the Company and options for their mitigation.

B. *Management* – The CEO and senior management are responsible for running the Company’s business operations.

2. BOARD COMPOSITION AND LEADERSHIP

A. *Chairman of the Board and Chief Executive Officer* – The Board has the authority to decide whether it is best for the Company at a given point in time for the positions of the Chairman and Chief Executive Officer to be separate or combined and, if separate, whether the Chairman should be selected from the non-management directors or be an employee.

B. *Chairman of the Board Role* – If the Board appoints a Chairman of the Board, such Chairman shall, when present, preside at all meetings of the stockholders and the Board. The Chairman shall perform such duties and possess such powers as are customarily vested in the office of the Chairman of the Board or as may be vested in the Chairman by the Board.

C. *Chief Executive Officer Role* – The CEO shall have general and active management of the business of the Company and shall see that all orders and resolutions of the Board are carried into effect.

D. *Lead Director* – In the event that the director serving as Chairman of the Board is not independent, the Board will, upon the recommendation of the Nominating and Corporate Governance Committee, designate one of its independent members to serve as Lead Director of the Board, with the following specific duties and responsibilities: (i) To act as a liaison between the Chairman and the independent directors; (ii) To preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors; (iii) To review and approve with the Chairman the schedule of meetings, meeting agendas and type of information to be provided for each of the applicable Board meetings; (iv) To have the authority to direct the CEO or Corporate Secretary to call a special meeting of the independent directors; (v) To consult directly with major stockholders, when requested and appropriate to do so; and (vi) To perform such other duties as may from time to time be delegated to the Lead Director by the Board. The director who is appointed Lead Director will be appointed on an annual basis by at least a majority of the remaining directors.

E. *Size of the Board* – The number of directors should not exceed a number that can function efficiently. The Nominating and Corporate Governance Committee considers and makes recommendations to the Board concerning the appropriate size of the Board.

F. *Board Independence* – The Company defines an “independent” director in accordance with Section 303A.02 of the Listed Company Manual of the New York Stock Exchange (the “NYSE”). At least annually the Board will evaluate the independence of each director. Under the NYSE rules no director qualifies as “independent” unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). The NYSE independence definition includes a series of objective tests that expressly provide that a director is not independent, including that the director is an employee of the Company or the director has engaged in various types of business dealings with the Company. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible for determining affirmatively, as to each independent director, that no material relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the Board will broadly consider all relevant facts and circumstances, including information provided by the directors and the Company with regard to each director’s business and personal activities as they may relate to the Company and the Company’s management. As the concern is independence from management, the Board does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding. The Board may delegate independence determinations to the Nominating and Corporate Governance Committee to the extent permitted by the NYSE.

G. *Board Membership Criteria* – The Nominating and Corporate Governance Committee shall periodically review with the Board the appropriate skills and characteristics required of Board members given the current Board composition. The Board will be composed of individuals who have distinguished records of leadership and success in their area of activity and who will make substantial contributions to Board operations. The Board’s assessment of Board candidates includes, but is not limited to, consideration of relevant industry experience, general business experience, relevant financial experience, and compliance with independence and other qualifications necessary to comply with any applicable tax and securities laws and the rules and regulations thereunder, and the NYSE rules. Specific consideration shall also be given to: (i) roles and contributions valuable to the business community, (ii) personal qualities of leadership, character, and judgment and whether the candidate possesses and maintains throughout service on the Board a reputation in the community at large of integrity, trust, respect, competence, and adherence to the highest ethical standards, (iii) relevant knowledge and experience in such things as business, technology, finance and accounting, marketing, international business, government, and other disciplines relevant to the success of a large publicly traded company, (iv) the potential candidates’ ability to contribute to the diversity of skills, viewpoints, experiences, backgrounds, and demographic characteristics (including, but not limited to, age, gender, race, ethnicity, and nationality) of the Board as a whole, and (v) whether the candidate is free of conflicts and has the time required for preparation, participation, and attendance at all meetings. A director’s qualifications in light of these criteria are reevaluated at least each time the director is considered for renomination for Board membership.

H. *Election / Appointment / Term* – The members of the Board shall be elected annually by the stockholders in accordance with the Company’s Amended and Restated Certificate of Incorporation. Directors will be nominated for election based on the recommendations of the Nominating and Corporate Governance Committee.

I. *Director Orientation and Continuing Education* – The Company provides directors with an orientation and education program to familiarize them with the Company’s business operations and plans, industry trends, and corporate governance practices, as well as ongoing education on issues facing the Company and on subjects that would assist the directors in discharging their duties. The Company encourages directors to attend continuing education programs, participate in professional associations, and subscribe to appropriate publications, and the Company supports those efforts by reimbursing reasonable expenses.

J. *Directors Who Experience Change in Present Job Responsibilities or Other Relevant Circumstances* – A non-management director whose job responsibilities or professional circumstances change significantly from those he or she held when first becoming a director, or when most recently elected as a director, must promptly notify, and tender a written resignation, to both the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee should then evaluate and recommend to the Board whether the Board should accept the resignation based on a review of whether the individual continues to satisfy the Board’s membership criteria in light of his or her changed status.

K. *Service On Other Boards and Significant Activities* – Serving on the Board requires significant time and attention. Directors are expected to ensure that other commitments do not materially interfere with their duties to the Company and are specifically encouraged to evaluate carefully the time required to serve on other boards taking into account board attendance, preparation, participation, and effectiveness on these boards. All directors must provide written notice to the Chairman of the Board and the Nominating and Corporate Governance Committee prior to accepting an invitation to serve on another board, in part so that the appropriate directors and officers may assess whether such service may result in a conflict of interest with the Company (and, if so, whether a waiver to the Code of Conduct (as defined below) may appropriately be granted by the Audit Committee). Without the specific approval of the Board, (i) no director may simultaneously serve on more than five public company boards (including the Company’s Board), (ii) no director who is an executive officer of a public company may simultaneously serve on more than two public company boards (including the Company’s Board) and (iii) no member of the Audit Committee may simultaneously serve on the audit committee of more than three public companies (including the Company’s Audit Committee). In calculating service on a public company board or audit committee, service on a board or audit committee of a parent and its substantially owned subsidiary counts as service on a single board or audit committee.

L. *Board’s Interaction with Stakeholders* – The CEO and other corporate officers are responsible for establishing effective communications between the Company and its stakeholders, including stockholders, customers, employees, communities, suppliers, creditors, governments, and corporate partners. It is the policy of the Board that management speaks for the Company. This policy does not preclude non-management directors from meeting with stakeholders, but it is expected that absent unusual circumstances any such communications will be coordinated with

management. Any discussions between non-management directors and third parties that might have a material impact on the business or strategy of the Company will be discussed and coordinated with the CEO.

M. *Term and Tenure* – The Board does not believe in a specific limit for the overall length of time a director may serve. Directors who have served on the Board for an extended period can 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.

N. *Code of Conduct* – The Company maintains, and the Audit Committee oversees compliance with, the Lyntris Code of Conduct (the “**Code of Conduct**”) for directors and all employees that addresses, at a minimum, conflicts of interest, corporate opportunities, confidentiality, proper use of Company assets, compliance with laws, rules, and regulations, and reporting of any illegal or unethical behavior. The Code of Conduct currently in effect shall be reviewed by the Audit Committee from time to time and the Audit Committee shall recommend to the full Board any amendments or modifications thereto that the Committee deems appropriate. Directors, as well as all employees, are subject to the Code of Conduct with respect to their director-related activities. The Company will continue to make the Code of Conduct publicly available on its website.

3. **BOARD OPERATIONS**

A. *Selection of Agenda Items for Board Meetings* – The Chairman, in consultation with the appropriate officers, establishes the annual Board calendar and schedules for each Board meeting and proposes for the Board’s approval agenda items to be discussed during the course of the year. Any Board member may ask to include items on the agenda. Each director is expected to attend all regularly scheduled meetings of the Board and any Board committee(s) of which he or she is a member, to attend the annual meeting of stockholders of the Company, which generally will be scheduled on the same day as a regularly scheduled meeting of the Board, and to use his or her best efforts to attend any special meetings. Each director is also expected to review all meeting materials circulated prior to each meeting and to otherwise be prepared to participate actively at each meeting. The Board shall meet at least four times per year, with regularly scheduled meetings typically occurring on a quarterly basis. Additional meetings may be held from time to time, and actions may be taken by unanimous written consent between meetings, in each case as appropriate. Any director may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

B. *Board Materials Distributed in Advance* – Board members receive materials related to agenda items in advance of Board meetings so that the directors may prepare to discuss the items at the meeting. Sensitive subjects may be discussed at the meeting without distributing written materials in advance or at the meeting. In general, when there is no prior distribution of written materials on a sensitive subject, each Board member should be advised in advance of the meeting of the subject and the principal issues to be considered, and the Board should be provided ample time to deliberate on any action to be taken.

C. *Director Responsibilities* – Directors must exercise their business judgment to act in the best interests of the stockholders and the Company. In discharging this obligation, directors reasonably may rely on the Company’s senior executives and its advisors and auditors. Directors are expected to attend and participate in all meetings of the Board and of committees on which they serve and to spend the time needed and prepare for and meet as frequently as necessary to discharge their responsibilities. The Board shall make the determination that at least one of the members of the Audit Committee meets the Audit Committee financial expert requirements.

D. *Board Presentations and Access to Employees* – Members of senior management may be invited to attend part or all of a Board meeting in order to participate in discussions. Board members shall have complete access to all members of management and Company employees.

E. *Board Access to Independent Advisors* – In performing its functions, the Board is entitled to rely on the advice, reports, and opinions of senior management, counsel, auditors, accountants, and expert advisors. The Board, and each committee, has the authority to retain and approve the fees and retention terms of external legal, financial, or other advisors as it deems appropriate.

F. *Executive Sessions of Directors* – Directors regularly meet in executive session, without management, typically presided over by the Chairman. The chairs of the standing committees of the Board may preside over executive sessions (of the Board or of their committees), without management, at which the principal items to be considered are within the scope of the committee chair’s authority.

4. BOARD COMMITTEES

A. *Committees* – The Board shall have at least three standing committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The Board may, from time to time, establish additional committees, taking into account the recommendations of the Nominating and Corporate Governance Committee. Each committee shall have a written charter and shall report regularly to the Board summarizing the committee’s actions and any significant issues considered by the committee.

B. *Assignment and Term of Service of Committee Members* – The Board is responsible for the appointment of committee members and chairs, based on recommendations of the Nominating and Corporate Governance Committee. The Board shall elect the members and chairs of each committee.

C. *Agenda, Frequency, Length, and Reports of Committee Meetings* – The chair of each committee, in consultation with the appropriate officers, approves the agenda for, length of, and attendance at each committee meeting and determines the frequency of meetings. Materials related to agenda items are given to the committee members sufficiently in advance to allow the members to prepare for discussing the items at the meeting. The committee chairs report a summary of their meeting to the Board following each regular committee meeting.

5. BOARD AND MANAGEMENT EVALUATION

A. *Formal Evaluation of the CEO and other Executives* – The Compensation Committee shall review and approve corporate goals and objectives relevant to the compensation of the Company’s CEO, all other officers who are reporting persons under Section 16(b) of the Securities Exchange Act of 1934 and the rules promulgated thereunder, and any other members of the Executive Leadership Team (i.e., those associates listed as such on the Company’s website and identified as such internally) (together, the “**Executives**”). The Compensation Committee shall also evaluate the performance of the CEO and the other Executives in light of such goals and objectives at least annually and communicate the results to the CEO and the Board. Based on such evaluation, the Compensation Committee shall annually establish the compensation levels for the CEO and each of the other Executives, including, as applicable, (a) base salary, (b) bonus, (c) long-term incentive and equity compensation, and (d) any other compensation, perquisites, and special or supplemental benefits.

B. *Board Self-Assessment* – The Board will conduct an annual self-assessment to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee shall review on an annual basis the functioning and effectiveness of the Board, its committees, and to the extent the Nominating and Corporate Governance Committee deems appropriate, recommend changes to increase the effectiveness of the Board and its committees.

C. *Succession Planning and Management Development* – The Board plans the succession to the position of CEO, and the Board, with the assistance of the Compensation Committee, plans the succession to other senior management positions. To assist the Board, the CEO annually assesses senior managers and their succession potential. The CEO also provides the Board with an assessment of persons considered potential successors to the CEO position and to certain senior management positions. The CEO annually should report to the Board on the Company’s program for management development.

6. COMPENSATION

A. *Director Compensation* – Company management, in consultation with compensation consultants, as appropriate, will report to the Compensation Committee on a periodic basis as to how the Company’s director compensation practices compare with those of comparable public companies. Based upon such information, the Compensation Committee will review, and recommend to the full Board for approval, director compensation for service on the Board and Board committees. Directors who also are employees will receive no additional compensation for their service as directors.

7. MISCELLANEOUS

A. *Posting on Website* – These Corporate Governance Guidelines shall be posted on the Company’s website.

B. *Review of Governance Policies and Practices* – The Nominating and Corporate Governance Committee will periodically review the corporate governance policies and practices

of the Company, including these guidelines, and recommend to the Board any amendments or modifications thereto that the Nominating and Corporate Governance Committee deems appropriate.

C. *Confidentiality* – The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her services as a director.

D. *Inconsistent Provisions* – In the event that any provision in these Corporate Governance Guidelines is or becomes inconsistent with any provision of the Certificate of Incorporation or Bylaws of the Company, or with any applicable law or regulation, the provision in these Corporate Governance Guidelines shall be construed to be consistent with such other provision, law, or regulation, so as to eliminate the inconsistency.