

Bitstream Inc.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

The Nominating and Corporate Governance Committee (the “Committee”) of Bitstream Inc. (the “Company”) is appointed by the Board of Directors to identify individuals qualified to become Board of Directors members, recommend to the Board of Directors the persons to be nominated by the Board of Directors for election as directors at the Annual Meeting of stockholders, and develop and recommend to the Board of Directors a set of corporate governance principles applicable to the Company. The Committee members must be independent directors within the meaning of applicable Nasdaq listing standards and must comply with applicable regulations of the State of Delaware and the Securities and Exchange Commission (“SEC”).

The Committee shall consist of at least two members of the Board of Directors. Unless the Board of Directors elects a Chair of the Committee, the Committee shall elect a Chair by majority vote. The compensation of Committee members shall be as determined by the Board of Directors. Members of the Committee shall be appointed by the Board of Directors, upon the recommendation of the Committee. The Board of Directors may remove members of the Committee from such Committee, with or without cause.

AUTHORITY AND RESPONSIBILITIES

Except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors, the Committee shall be responsible for identifying individuals qualified to become members of the Board of Directors and recommending to the Board of Directors the persons to be nominated by the Board of Directors for election as directors at the Annual Meeting of stockholders and the persons to be elected by the Board of Directors to fill any vacancies on the Board of Directors.

The Committee shall use the following criteria to guide its director selection process.

1. Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.
2. Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
3. Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.

4. Nominees should have the interest and ability to act independently and be willing to represent the interests of all shareholders and not just those of a particular philosophy or constituency. Nominees should not have, nor appear to have, a conflict of interest that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.
5. Nominees should have professional skills and experience that are complementary to the background and experience represented on the Board and that meet the needs of the Company.
6. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law. The value of diversity on the Board should be considered. Nominees should normally be able to serve for at least three years before reaching the age of 72.

The criteria have been established and approved by the full Board of Directors and any amendments thereto must also be approved by the full Board of Directors. The Committee shall, from time to time as it deems appropriate, review the requisite skills and criteria for new Board of Directors members as well as the composition of the Board of Directors as a whole.

The renomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. In addition, the Committee shall consider the existing directors' performance on the Board and any committee.

The backgrounds and qualifications of the directors considered as a group should provide a significant breadth of experience, knowledge and abilities that shall assist the Board in fulfilling its responsibilities.

The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director nominees, including sole authority to approve the search firm's fees and other retention terms. The Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of any search firm engaged by the Committee.

After receiving input from the Chairman of the Board, the Committee shall be responsible for recommending to the Board of Directors the directors to be appointed to each committee of the Board of Directors.

The Committee shall develop and recommend to the Board of Directors a set of Corporate Governance Guidelines applicable to the Company. The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of such Corporate Governance Guidelines and recommend any proposed changes to the Board of Directors for approval.

The Committee shall be responsible for overseeing an annual self-evaluation of the Board of Directors to determine whether the Board of Directors and its committees are functioning effectively. The Committee shall determine the nature of the evaluation, supervise the conduct of the evaluation and discuss the evaluation with the Board of Directors.

PROCEDURES AND ADMINISTRATION

The Committee shall meet as often as it deems necessary in order to perform its responsibilities and shall keep such records of its meetings as it shall deem appropriate.

The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.

The Committee shall report regularly to the Board of Directors.

The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Committee.

The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.

At least annually, the Committee shall evaluate its own performance.