



September 28, 2006

Mark Brown, CEO
TOTAL NETWORKING SOLUTIONS

PENNSVILLE, NJ 8070

Ref.: A new direction for Phoenix Technologies

Dear Mark Brown,

Earlier this month, Phoenix Technologies hired Woodson Hobbs as the new President and Chief Executive Officer. Mr. Hobbs's first order of business has to be to ensure that Phoenix Technologies current and future business is healthy and that the provisioning of high quality products and services remain the top priority of the company. After a period of diligence on products and long term strategy, we have determined that Phoenix will focus on a vision that expands on our legacy delivery of quality BIOS and embedded solutions. Long term, we will focus on "innovation at the core" enabling us to extend our strong Core System Software (BIOS) position into new markets for Phoenix and our customers.

Last week, we started moving towards achieving this objective by restructuring our world-wide organization. Effective immediately, we are ending our marketing, selling and support of aftermarket enterprise software applications. We are continuing development and support of only the manufacturing versions of RecoverPro and ImageCast. In addition, the TrustConnector technology will be available for system integrators needing to add device authentication into existing solutions.

These changes will allow Phoenix to focus additional resources on the "innovation at the core" mission. In the next few days you will receive a notice that we are ending the Trusted Partner Network program and contracts for solution providers and VAR's in the North America region. Phoenix will remain as a provider of technologies to OEM's, ODM's, ISV's and partners who deliver solutions to the marketplace targeted at new device enablement, but not the PC-installed base.

We would like to thank you for your support and partnership over the past few months and quarters. We are committed to a smooth transition and are happy to answer questions you may have by emailing us at Americaproviders@phoenix.com.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Eric Newman", written over a horizontal line.

Eric Newman
Vice President, General Manager
North America and EMEA Operations
Phoenix Technologies, Ltd.