



**CORPORATE GOVERNANCE**

**GUIDELINES**

**Adopted by the Board of Directors  
of JDA Software Group, Inc. on  
January 22, 2004**

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The Board of Directors (the “Board”) of JDA Software Group, Inc. (the “Company”) has adopted these Corporate Governance Guidelines (these “Guidelines”) to further the Board’s goals of providing effective governance of the Company’s business and to promote the effective functioning of the Board and its committees in their direction of the business and affairs of the Company through the selection and oversight of management. The formal requirements pertaining to the Company’s governance structure can be found in the Company’s certificate of incorporation and bylaws. These Guidelines are intended to provide guidance and insight into the Company’s corporate governance. The Board recognizes that there is an on-going and energetic debate about corporate governance, and these Guidelines are not intended to address all circumstances and events that the Board will face. The Board will review these Guidelines and other aspects of the Company’s corporate governance as often as it deems necessary and will make refinements and changes as circumstances warrant.

## **Role of Board and Management**

The Company’s business is conducted by its employees and officers under the direction of the Chief Executive Officer and the oversight of the Board. The Board, which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. The Board selects the Chief Executive Officer and other members of the senior management team, who are charged with the conduct of the Company’s business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors and oversees its performance.

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 may reasonably rely on the honesty and integrity of the Company’s senior management and legal, accounting, financial and other advisors.

## **Director Qualifications**

The Nominating and Governance Committee (the “Governance Committee”) is responsible for reviewing with the Board from time to time the appropriate skills and characteristics required of Board members in the context of the current composition of the Board. Consistent with its charter, the Governance Committee will evaluate and recommend to the Board director nominees for each election of directors. When reviewing potential director candidates, the Governance Committee considers the following factors:

- the appropriate size of the Company’s Board and its Committees;
- the perceived needs of the Board for particular skills, background and business experience;
- the skills, background, reputation, and business experience of nominees in relation to the skills, background, reputation, and business experience already possessed by other members of the Board;
- nominees’ independence from management;
- nominees’ experience with accounting rules and practices;
- nominees’ background with regard to executive compensation;

- applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;
- the benefits of a constructive working relationship among directors; and
- the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

The Governance Committee's goal is to assemble a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the best interests of our stockholders. They must also have an inquisitive and objective perspective and mature judgment. Director candidates must have sufficient time available in the judgment of the Governance Committee to perform all Board and Committee responsibilities. Board members are expected to prepare for, attend, and participate in all Board and applicable Committee meetings.

Other than the foregoing there are no stated minimum criteria for director nominees, although the Governance Committee may also consider such other factors as it may deem, from time to time, are in the best interests of the Company and its stockholders. The Governance Committee believes that it is preferable that at least one member of the Board should meet the criteria for an "audit committee financial expert" as defined by SEC rules. Under applicable listing requirements at least a majority of the members of the Board must meet the definition of "independent director."

### **Director Independence**

The Board believes that, as a matter of policy and consistent with applicable laws, rules and regulations, the Board should consist of a substantial majority of independent directors. In no event will the Board consist of less than a majority of independent directors.

In making a determination regarding a director's independence, the Board shall consider all relevant facts and circumstances, including the director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may, in its discretion, determine relevant. A director will not be considered independent if he or she:

- has a relationship which, in the opinion of the Board, would interfere with the exercise of independent business judgment;
- is currently an employee of the Company or any of its subsidiaries or has been an employee of the Company or any of its subsidiaries within the past three years;
- has received within the past three years more than \$60,000 during any twelve month period in direct compensation from the Company or its subsidiaries (other than fees for directors services);
- has been affiliated with or employed by a present or former outside auditor of the Company and worked on the Company's audit engagement in any of the past three years;

- has been employed as an executive officer of another company where any of the Company's present executives serve on the other company's compensation committee during the past three years;
- is an executive officer, director or controlling shareholder of any organization to which the Company made or received payments exceeding the greater of \$200,000 or five percent of the recipient's gross revenues in the current year or within the past three years; or
- has any immediate family members who would be covered under any of the above provisions during the past three years.

In addition to satisfying all of the independence criteria set forth above, no member of the Audit Committee may

- receive any consulting, advisory or other compensatory fees from the Company or any of its subsidiaries (other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other committee of the Board), or
- Be an "affiliated person" of the Company or any of its subsidiaries (as defined by the Securities and Exchange Commission), except as a director of the Company.

### **Limits On Director Outside Activities**

Directors should be willing to devote sufficient time to carry out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not conflict with or materially interfere with the member's service as a director.

Directors who also serve as Chief Executive Officers, if any, or in equivalent positions should not serve on more than two boards of public companies in addition to the Company's Board, and other directors should not serve on more than six other boards of public companies in addition to the Company's Board. Current positions in excess of these limits may be maintained unless the Board determines that doing so would impair the director's service on the Company's Board.

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities where such change is reasonably likely to adversely effect the director's performance on the Company's Board.

### **Term Limits; Retirement Age**

The Board does not believe it should establish term limits. The Board believes that term limits hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

The Board does not believe that a fixed retirement age for directors is appropriate.

### **Size of Board**

The Board currently has five (5) members. The Board reviews from time to time the appropriate size of the Board and will from time to time consider changing its size to accommodate outstanding candidates or to satisfy specific governance needs.

### **Presiding and Lead Directors**

The Presiding Director shall be the Chairman of the Board, if present, or in his absence, the independent director present who has the most seniority on the Board. The Presiding Director shall be responsible for chairing the Board's executive sessions, unless the Presiding Director is not independent in which case the independent director with the most seniority on the Board shall preside over executive sessions.

So long as the Chairman of the Board and the Chief Executive Officer are not the same person, we do not believe that it is either necessary or desirable to establish a lead director. The Chairman of the Board, who presides at all meetings of the Board, takes the lead role in the boardroom. The Chairman of the various Board Committees takes the lead on matters falling within their purview that should not involve the Chief Executive Officer. During periods where the Chairman of the Board and the Chief Executive Officer are the same person, the Board shall elect a lead director and the lead director shall preside over Board meetings where the Chairman's role as Chief Executive Officer conflicts with his Chairmanship role.

### **Separation of Chairman and Chief Executive Officer**

The Board elects its Chairman and appoints the Company's Chief Executive Officer according to its view of what is best for the Company at any given time. The offices are currently held by two separate people, but the Board does not believe there should be a fixed rule as to whether the offices of Chairman and Chief Executive Officer should be vested in the same person or two different people, or whether the Chairman should be an employee of the Company or should be elected from among the non-employee directors. The needs of the Company and the individuals available to play these roles may dictate different outcomes at different times, and the Board believes that retaining flexibility in these decisions is in the best interest of the Company.

### **Executive Sessions of Independent Directors**

The independent directors of the Board will meet in Executive Session at least two times each year and at any other time requested by any independent director.

### **Board Access to Management**

The independent members of the Board shall have access to, and are encouraged to contact, Company employees in order to obtain the information necessary to fulfill their duties. The Board may establish a process for such inquiries. Management is encouraged to invite

Company employees to Board meetings where management participation will provide the Board with additional insight into the matters being considered.

### **Retention of Advisors and Consultants**

The Board and each committee of the Board shall have the authority to retain outside financial, legal or other advisors as they deem appropriate, and shall have the authority to obtain advice, reports or opinions from internal and external counsel and advisors, without consulting with or obtaining approval from any officer of the Company.

### **Board and Committee Evaluation**

The Board and each committee will perform an annual self-evaluation. Each January the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve to the Governance Committee. The self evaluation shall utilize an assessment questionnaire developed by the Governance Committee. The individual assessments will be summarized by the Governance Committee and reported for discussion to the full Board and the committees. The Governance Committee should also report its assessment of the Board's compliance with these principles set forth in these Guidelines as well as identification of areas in which the Board or committees could improve performance.

### **Director Nomination Process**

The Governance Committee annually evaluates the current members of the Board of Directors whose terms are expiring and who are willing to continue in service against the criteria set forth above in determining whether to recommend these directors for re-election. The Governance Committee regularly assesses the optimum size of the Board and its committees and the needs of the Board for various skills, background and business experience in determining if the Board requires additional candidates for nomination.

Candidates for nomination as director come to the attention of the Governance Committee from time to time through incumbent directors, management, stockholders or third parties. These candidates may be considered at meetings of the Governance Committee at any point during the year. Such candidates are evaluated against the criteria set forth above. If the Governance Committee believes at any time that the Board requires additional candidates for nomination, the Committee may poll directors and management for suggestions or conduct research to identify possible candidates and may engage, if the Governance Committee believes it is appropriate, a third party search firm to assist in identifying qualified candidates.

The Governance Committee will evaluate any recommendation for director nominee proposed by a stockholder in conformance with these procedures. In order to be evaluated in connection with the Governance Committee's established procedures for evaluating potential director nominees, any recommendation for director nominee submitted by a stockholder must be sent in writing to the Corporate Secretary, 14400 North 87th Street, Scottsdale, Arizona 85260, no later than 120 days prior to the anniversary of the date proxy statements were mailed to stockholders in connection with the prior year's annual meeting of stockholders and must contain the following information:

- the candidate's name, age, contact information and present principal occupation or employment;
- a description of the candidate's qualifications, skills, background, and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed or served as a director;
- the name and address, as they appear on the Company's books, of the stockholder making the nomination; and
- the stockholder's relationship to or affiliation with the director candidate, if any.

In addition the Company's bylaws permit stockholders to nominate directors for consideration at an annual meeting.

All directors and director nominees must submit a completed form of directors' and officers' questionnaire as part of the nominating process. The evaluation process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Governance Committee.

The Governance Committee will evaluate incumbent directors, as well as candidates for director nominee submitted by directors, management and stockholders consistently using the criteria stated in this policy and will select the nominees that in the Governance Committee's judgment best suit the needs of the Board at that time.

### **Communications by Stockholders with Directors**

Stockholders may communicate with any and all company directors by transmitting correspondence by mail, facsimile or email, addressed as follows:

Chairman of the Board  
 or Board of Directors  
 c/o Corporate Secretary  
 14400 North 87th Street  
 Scottsdale, AZ 85260-3657  
 Fax: (480) 308-3001  
 Email Address: corpsec@jda.com

The Corporate Secretary shall maintain copies of such communications on the company's legal website at graycary.com and transmit as soon as practicable such communications to the identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by the Corporate Secretary in consultation with the General Counsel. The Board or individual directors so addressed shall be advised of any communication withheld for safety or security reasons as soon as practicable. The Corporate Secretary shall relay all communications to directors absent safety or security issues.

The Company will make every effort to schedule its annual meeting of stockholders at a time and date to maximize attendance by directors taking into account the directors' schedules. All directors are encouraged to attend the Company's annual meeting of stockholders. The Company will reimburse all reasonable out-of-pocket traveling expenses incurred by directors attending the annual meeting.

### **Director Compensation**

On an annual basis, the Compensation Committee shall review the compensation for non-employee directors. The Compensation Committee shall be responsible for recommending to the full Board changes in the compensation for non-employee directors, and shall be guided by the following goals:

- directors should be fairly compensated for the work required in discharge of their duties;
- compensation should align the directors' interests with the long-term interests of stockholders; and
- the compensation policy should be easy for stockholders to understand.

### **Director Stock Ownership**

The Board believes that directors should be stockholders in order to align directors' interests with the long-term interests of the Company's stockholders. Towards that end, directors are required to own or acquire at least \$100,000 in Company stock within a reasonable period of time after becoming a director.

### **Director Education and Orientation**

The Governance Committee shall develop and maintain an orientation program for new directors that shall include meetings with senior management and visits to the Company's facilities. Incumbent directors shall also be invited to attend the orientation program. All directors, if required by Nasdaq, will comply with any continuing education requirements that may be established by Nasdaq.

### **Committees**

The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. All members of these committees will be independent directors under the criteria established by Nasdaq. The Board may from time to time establish additional committees as necessary or appropriate. Committee members will be appointed by the Board upon the recommendation of the Governance Committee. Consideration should be given to rotating committee members periodically, but rotation should not be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes of the committees as well as qualifications for committee membership. The charters shall be posted on the Company's website.

The Chairman of each committee, in consultation with the committee members and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

### **Evaluation of Chief Executive Officer**

The Compensation Committee conducts a review at least annually of the performance of the Chief Executive Officer. The Compensation Committee shall establish the evaluation process and determine the specific criteria on which the performance of the Chief Executive Officer is evaluated.

### **Succession Planning**

The Governance Committee shall conduct a periodic review of the Company's succession planning, including policies and principles for Chief Executive Officer selection and succession in the event of an emergency or the retirement of the Chief Executive Officer. The Governance Committee shall report its recommendation to the Board. The Nominating and Governance Committee shall evaluate and nominate potential successors to the Board as circumstances warrant.