

**Kenexa Corporation.**  
**Corporate Governance Guidelines**  
**(Adopted on August 15, 2006)**

The Board of Directors (the “Board”) of Kenexa Corporation (“Kenexa” or the “Corporation”) has adopted these guidelines to promote the effective functioning of the Board and its committees. These Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision making at both the Board and management level, with the objective of enhancing shareholder value over the long term. The Board intends that these Guidelines serve as a flexible framework, not as a set of binding legal obligations, and should be interpreted in the context of all applicable laws and regulations, Kenexa’s charter documents and other governing legal documents. These Guidelines are subject to future refinement or changes as the Board may find necessary or appropriate in order for Kenexa to achieve its objectives. The Nominating and Governance Committee will periodically review and propose revisions to the Corporate Governance Guidelines.

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## **Selection and Composition of the Board**

### **1) Board Membership Criteria**

The Nominating and Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required of directors in the context of the current make-up of the Board. The Board and Nominating and Governance Committee consider the mix of skills, experience, character, commitment, and diversity of background, all in the context of the requirements of the Board at that point in time. Directors are expected to attend meetings of the Board, its Committees on which they serve, and the Annual Meeting of Shareholders. The Nominating and Governance Committee will annually review the membership criteria and modify them as appropriate.

### **2) Selection of New Directors**

The Board itself is responsible for selecting members to fill Board vacancies and in nominating candidates for election by the shareholders. The Board delegates the screening process involved in the selection of new directors to the Nominating and Governance Committee in consultation with the Chairman of the Board and the Chief Executive Officer.

### **3) Director Continuing Education**

The Board recognizes the importance of continuing education for its directors and is committed to provide education in order to improve both Board and Committee performance. The Nominating and Governance Committee shall arrange for continuing education for all directors and orientation for directors in their first year of service. The CEO, the Chief Financial Officer and the General Counsel are responsible for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each director also shall cooperate in fulfilling all applicable continuing education guidelines established and periodically updated by the Nominating and Governance Committee.

## **Board Leadership**

### **4) Selection of the Chairman of the Board**

The Board believes it is appropriate to be free to make this choice in any way that seems best for the Corporation at a given point in time. Therefore, the Board does not have a policy on whether or not the role of the Chairman of the Board and the Chief Executive Officer should be separate or combined and, if it is to be separate, whether the Chairman should be selected from the non-management directors or be an employee. The Chairman of the Board is elected by the full Board on an annual basis, based upon the recommendation of the Nominating and Governance Committee.

### **5) Presiding Director**

The Chairman of the Board shall generally preside over each Board meeting. If the Chairman of the Board is not an independent director, the chair of the Nominating and Governance Committee (the “presiding independent director”) shall preside over separate meetings of the directors (“executive sessions”) who are not officers of the Company (“non-management directors”).

## **Board Composition and Performance**

### **6) Size of the Board**

The Board historically has averaged 8 members. Consistent with Kenexa’s bylaws, the size of the Board shall be within a range of one to nine. Within this range, the Board will annually evaluate and determine the appropriate size and composition of the Board, on the recommendation of the Nominating and Governance Committee.

### **7) Mix of Management and Independent Directors**

The Board believes that as a matter of policy, there should be a substantial majority of independent directors on the Board. The Board believes that management should encourage senior managers to

understand that Board membership is not necessary or a prerequisite to any higher management position in the Corporation.

#### **8) Board Definition of Independence for Directors**

The Board is comprised of a majority of directors who qualify as independent by the standards of The NASDAQ Stock Market. Although all directors are expected to act independently, the Board shall consist of a majority of independent directors. This will not, however, prevent the Board from taking valid actions if, due to temporary vacancies on the Board, there is less than the intended proportion of independent directors on the Board. The Board will review the independence of all directors on an annual basis and affirmatively make a determination as to the independence of each director.

#### **9) Change in Status**

Upon a director's resignation or retirement from, or termination of, his or her principal current employment, or other material change in a director's principal employment responsibilities, professional occupation or association, the director shall notify the Chairman of the Board of the director's change of employment status. The Nominating and Governance Committee will consider such change of status in assessing and recommending to the Board whether the director should continue serving as a member of the Board or of any Board committee.

#### **10) Limits on Outside Board Memberships**

Directors must be willing and able, in light of other business and personal commitments, to devote the required amount of time to diligently fulfill their duties and responsibilities of Board membership. Non-management directors are encouraged to limit the number of other public company boards on which they serve, to no more than four, taking into account potential board attendance, participation and effectiveness on these boards. The number of other board memberships shall be a consideration along with any other time commitments a prospective or current director may have in determining his or her ability to serve effectively on the Company's Board. Without the approval of the Board on recommendation by the Nominating and Governance Committee, directors who also serve as a Chief Executive Officer of a public company may not serve on more than two boards of public companies in addition to the Company's Board. A charter of a Board committee may further limit or restrict a director's eligibility for service. Directors shall inform the Chairman of the Board prior to joining any additional outside boards.

#### **11) Term Limits**

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole. The Nominating and Governance Committee, in conjunction with the Chairman of the Board and the Chief Executive Officer, will formally review each director's continuation on the Board at the expiration of the director's current term. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the Board.

#### **12) Board Compensation**

Each member of the Board, other than those who are Kenexa employees or employees or partners of our affiliates, is eligible to receive payment for serving on the Board. In accordance with its charter, the Compensation Committee considers and recommends to the Board the appropriate structure and amount of director compensation. Changes in Board compensation, if any, shall come at the suggestion of the Compensation Committee, but with full discussion and approval by the Board. Members of the Audit Committee may not directly or indirectly receive any compensation from the Corporation other than their compensation for service as directors. Directors are reimbursed for travel and other out-of-pocket expenses incurred in connection with their duties as directors.

#### **13) Loans to Directors and Executive Officers**

It is the policy of the Corporation not to make any personal loans to its directors and executive officers.

#### **14) Stock Ownership by Non-Management Directors**

To help align Board and shareholder interests, non-management directors are encouraged to own, at a minimum, Kenexa stock or stock units equal in value to three times their annual cash retainer within five years of joining the Board. Once a director satisfies the minimum stock ownership recommendation, the director will remain qualified, regardless of market fluctuations, under the guidelines as long as the director does not sell any stock.

#### **15) Executive Sessions of Non-Employee Directors**

As a matter of practice, an executive session of the non-employee directors is normally held immediately following each meeting of the full Board. If the Board includes non-employee directors who are not independent, at least one executive session per year will include only the independent directors. At these sessions the non-management directors review and approve CEO succession, strategic issues for Board consideration, future Board agendas, and the flow of information to directors. The Chairman of the Nominating and Governance Committee, together with the members of that Committee, will develop the agendas for executive sessions. The presiding independent director is responsible for advising the Chairman of the Board and the Chief Executive Officer of decisions reached, and suggestions made, at these sessions.

#### **16) Access to Outside Advisors**

The Board, as well as each Committee, at its request, can retain the services of one or more independent outside advisors (financial, legal, compensation, etc.) as appropriate at the Corporation's expense.

#### **17) Assessing the Board's Performance**

The Board performs a self-evaluation on an annual basis. The Nominating and Governance Committee develops and monitors a procedure for conducting Board member self-assessments on an annual basis. The Committee usually reviews the evaluation structure prior to the November meeting when the full Board conducts its evaluation during the executive session. The assessment includes a review of the Board's overall effectiveness and the areas in which the Board or management believes the Board can make an impact on the Corporation. The Nominating and Governance Committee will also utilize the results of this evaluation process in determining the characteristics and assessing critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

#### **18) Ethics and Conflicts of Interest**

The Board expects all directors, as well as officers and employees, to act ethically at all times. Kenexa will maintain a code of ethics and business conduct. The Audit Committee will periodically review, and make any appropriate recommendations to the Board concerning updates or changes to, the Corporation's Code of Business Conduct and Ethics, and ensure that management has established a system to enforce the Code. The Audit Committee will also review the procedures established by the Corporation that monitor the compliance with the Code by directors, officers and employees.

If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman. If a significant conflict exists and cannot be resolved, the director should resign. All directors will excuse themselves from any discussion or decision affecting their business or personal interests, other than as a shareowner of Kenexa.

#### **19) Board Communication**

The proceedings and deliberations of the Board and its Committees are confidential. Each director will maintain the confidentiality of information received in connection with service as a director. As a general matter, management speaks for Kenexa, and the Board communicates with outside parties, including Kenexa shareholders, business journalists, equity analysts, rating agencies, and government regulators, through management. The Nominating and Governance Committee has implemented formal policies and procedures for shareholder communication with the board, and for shareholder recommendations for director candidates[, both available at Kenexa's website].

### **Board Relationship to Senior Management**

## **20) Regular Attendance of Non-Directors at Board Meetings**

The Board welcomes the regular attendance at each Board meeting of certain non-Board members who are in the most senior management positions of the Corporation. Should the Chairman of the Board and the Chief Executive Officer want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence.

## **21) Board Access to Management**

Board members have complete access to Kenexa's management. It is assumed that Board members will use judgment to be sure that contact is not distracting to the business operation of the Corporation and that such contact, if in writing, be copied to the Chairman of the Board and the Chief Executive Officer, as appropriate. Furthermore, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board. The Chief Executive Officer shall keep the Board generally apprised of developments between regular meetings of the Board that the Chief Executive Officer or senior management believes to be significant.

## **Meeting Procedures**

### **22) Selection of Agenda Items for Board Meetings**

The Chairman of the Board and the Chief Executive Officer will establish the agenda for each Board meeting, and a draft of each agenda will be sent to the Board. The Board agenda for coming meetings is discussed at each executive session. Each Board member may suggest the inclusion of additional item(s) on the agenda.

### **23) Board Materials Distributed in Advance**

Management shall be responsible for distributing information and data that are important to the directors' understanding of the business and matters to be considered and acted upon at the meetings. These materials should be distributed to the directors sufficiently in advance of each meeting to provide the directors a reasonable time to review and evaluate such information and data. It is recognized that circumstances will arise when it is not feasible to provide information relating to certain agenda items in advance. In such event, reasonable steps shall be taken to permit the directors to become informed as to such matters prior to any action being taken thereon.

## **Committee Matters**

### **24) Board Committees**

Membership on the Audit Committee will consist only of independent directors. Members of the Compensation Committee and the Nominating and Governance Committee will consist only of outside directors. From time to time, the Board may want to form a new Committee or disband a current Committee depending upon the circumstances, regulations or Bylaws. On an annual basis, each Committee will review its charter and will present any modifications to the Board for approval.

### **25) Committee Performance Evaluation**

Each Board Committee will perform an annual evaluation of its performance, including a review of its compliance with the Committee charter.

### **26) Assignment and Rotation of Committee Members**

The Nominating and Governance Committee identifies Board members qualified to serve on any committee of the Board and recommends to the Board the assignment of Board members to various committees and chairs. Committee assignments and committee chairs shall be determined by the Board. Generally, the Board at its first meeting following the annual meeting of shareholders shall elect the members of each Committee. Consideration is given to rotating Committee members periodically at

approximately five-year intervals, but the Board does not feel that such a rotation should be mandated as a policy since there may be reasons at a given point in time to maintain an individual director's Committee membership for a longer period.

**27) Frequency, Length, and Agenda of Committee Meetings**

The Committee Chairman, in consultation with committee members, will determine the frequency and length of the Committee meetings, as well as Committee agendas.

**Leadership Development**

**28) Formal Evaluation of the Chief Executive Officer**

The independent directors make this evaluation annually, and communicate it to the Chairman of the Board and the Chief Executive Officer. The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, and other factors contributing to long-term shareholder value. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chairman of the Board and the Chief Executive Officer.

**29) Succession Planning and Management Development**

Selecting a Chief Executive Officer and planning for succession is a major responsibility of the Board. An annual report will be given by the Chief Executive Officer to the outside Board directors on succession planning. There should also be available, on a continuing basis, the Chairman of the Board and the Chief Executive Officer's recommendation as to a successor in the event of an unexpected disability. Also annually, the Chief Executive Officer will give a report on the Corporation's program for management development. The Nominating and Governance Committee will assess succession planning for senior executive management and leadership of the Corporation.