**Franklin Covey Co.**
**Corporate Governance Guidelines**

## I. Introduction

The Board of Directors (the "Board") of The Franklin Covey Co. (the "Company"), acting on the recommendation of its Corporate Governance and Nominating Committee, has adopted these corporate governance principles (the "Guidelines") to promote the effective functioning of the Board and its committees, to promote the interests of shareholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their governance functions. The Corporate Governance and Nominating Committee will periodically review these Guidelines to determine whether any updates or revisions are recommended based on factors including, but not limited to, developments in regulatory requirements, best and emerging corporate governance practices, pending governance rule-making, and feedback received in the course of annual Board and committee self-evaluations.

## II. Board Composition and Size

The members of the Board should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Company's business. A majority of the Board shall consist of directors who the Board has determined are "independent" under the applicable rules of the New York Stock Exchange (an "Independent Director").

The Company's Amended and Restated Bylaws (the "Bylaws") provide that the Board will be not less than three nor more than fifteen directors. The Board will periodically review the appropriate size of the Board.

## III. Board Leadership Structure

The Board shall be responsible for establishing and maintaining the most effective leadership structure for the Company. The Board shall select its Chairman (the "Chairman") and the Company's chief executive officer (the "CEO") in a way that it considers in the best interests of the Company. The Board does not have a policy on whether the role of Chairman and CEO should be separate or combined and, if it is to be separate, whether the Chairman should be selected from the Independent Directors or should be an employee of the Company. The Board has determined, however, that if the Chairman is not an Independent Director, then there should also be a "Lead Director" (with the powers and duties described below) who is an Independent Director.

The Board shall review its leadership structure annually. As part of this review, the Board shall evaluate:

- the leadership positions that the Company should maintain (e.g. Chairman, Lead Director, and CEO);
- the responsibilities of such positions; and
- the qualifications to hold such positions.

In conducting this review, the Board shall consider, among other things

- the effectiveness of the policies, practices and people in place to help ensure strong, independent Board oversight;
- the Company's performance and the effect that a particular leadership structure may have on the Company's performance;
- the views of the Company's shareholders; and
- legislative and regulatory developments, the practices at other global companies, trends in governance, and other information and data on the topic of board leadership structure as it considers appropriate.

## IV. Selection of Directors

*Nominations and Appointments.* The Board's Corporate Governance and Nominating Committee shall be responsible for identifying and recommending to the Board qualified candidates for Board membership, based primarily on the following criteria:

- judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business;
- diversity of viewpoints, backgrounds, experiences, and other demographics;
- business or other relevant experience; and
- the extent to which the interplay of the candidate's expertise, skills, knowledge and experience with that of other Board members will build a Board that is effective, independent, collegial and responsive to the needs of the Company.

The Corporate Governance and Nominating Committee shall give appropriate consideration to candidates for Board membership nominated by shareholders in accordance with the Company's By-Laws, and shall evaluate such candidates in the same manner as other candidates identified to the Committee. The Committee may use outside consultants to assist in identifying candidates. Members of the Corporate Governance and Nominating Committee discuss and evaluate possible candidates in detail prior to recommending them to the Board.

The Corporate Governance and Nominating Committee shall also be responsible for initially assessing whether a candidate would be an Independent Director. The Board, taking into consideration the recommendations of the Corporate Governance and Nominating Committee, shall be responsible for selecting the nominees for election to the Board by the shareholders and for appointing directors to the Board to fill vacancies, with primary emphasis on the criteria set forth above. The Board, taking into consideration the assessment of the Corporate Governance and Nominating Committee, shall also make a determination as to whether a nominee or appointee would be an Independent Director.

*Invitations.* The invitation to join the Board shall be extended by the Board via the Chairman and either the chairperson of the Corporate Governance and Nominating Committee or the Lead Director or another Independent Director of the Company designated by the Chairman and the chairperson of the Corporate Governance and Nominating Committee.

## V. Service as a Director

*Review of Continuation Based on Age.* Unless otherwise recommended by the Corporate Governance and Nominating Committee, a director who would be age 75 or older at the time of election shall not stand for re-election.

*Notification of Acceptance of other Appointments.* Directors are expected to advise the Chairman of the Board and the chairperson of the Corporate Governance and Nominating Committee promptly upon accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such director is a member.

*Reporting Changes in Business and Professional Affiliations.* Directors are expected to report changes in their business or professional affiliations or responsibilities, including retirement, to the Chairman of the Board and the chairperson of the Corporate Governance and Nominating Committee. A director should offer to resign if the Corporate Governance and Nominating Committee concludes that the director no longer meets the Company's requirements for service on the Board of Directors.

*Prohibition Against Serving Competitors of the Company*. No director shall serve as a director, officer, or employee of a competitor of the Company.

## VI. The Committees of the Board

The Board shall have at least three committees: the Audit Committee, the Organization and Compensation Committee and the Corporate Governance and Nominating Committee (the "Committees"). Each Committee shall have a written charter which satisfies the requirements of the New York Stock Exchange. The Board expects to accomplish a substantial amount of its work through the Committees. Each Committee shall report regularly to the Board summarizing the Committee's actions and any significant issues considered by the Committee. Such reporting shall not be required if all directors are present at the Committee meeting where such actions or issues are considered.

Each of the Audit Committee, the Organization and Compensation Committee and the Corporate Governance and Nominating Committee shall be composed of no fewer than three Independent Directors. Each Committee member must satisfy the membership requirements set forth in the relevant committee charter. A director may serve on more than one Committee.

The Corporate Governance and Nominating Committee shall be responsible for identifying Board members qualified to fill vacancies on any Committee and recommending that the Board appoint the identified member or members to the applicable Committee. The Board, taking into account the views of the Chairman, shall designate one member of each Committee as chairperson of such Committee. It is the sense of the Board and the Corporate Governance and Nominating Committee that consideration should be given to rotating members of the Committees periodically at about a six-year interval, but they do not believe 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.

## VII. Board and Committee Meetings

The Board shall have at least four meetings each year. Additional meetings shall occur if called by the Board, the Chairman, the Lead Director, the chairperson of the Corporate Governance and Nominating Committee, the CEO, a president, or the Chief Financial Officer. The Board may act by unanimous written consent in lieu of a meeting.

Each Committee shall have the number of meetings provided for in its charter, with further meetings to occur (or action to be taken by unanimous written consent) when deemed necessary or desirable by the Committee or its chairperson.

The agenda for each Board meeting shall be established by the Chairman or CEO in consultation with the Lead Director, if any. Any Board member may suggest the inclusion of additional subjects on the agenda. The agenda for each Committee meeting shall be established by the Committee chairperson in consultation with appropriate members of the Committee and with management. Although management will seek to provide appropriate materials in advance of Board and Committee meetings, this will not always be consistent with the timing of the operations of the business, and in certain cases it may not be possible to circulate materials in advance of the meeting. Materials presented to the Board and Committee members should provide the information needed for the directors to make an informed judgment or engage in informed discussions.

At least annually, the Chairman or CEO shall issue to the other Board members a schedule of the foreseeable primary agenda subjects intended to be discussed by the Board, and each Committee's chairperson shall issue to the other Committee members a schedule of the foreseeable primary agenda subjects intended to be discussed by the Committee.

Unless a Committee expressly determines otherwise, the agenda, materials and minutes for each Committee meeting shall be available to all directors, and all directors shall be free to attend any Committee meeting. In addition, all directors, whether or not members of the Committee, shall be free to make suggestions to a Committee chairperson for additions to the agenda or his or her Committee or to request that an item from a Committee agenda be considered by the Board.

## VIII. Executive Sessions and the Presiding Director

To ensure free and open discussion and communication among the Independent Directors, the Independent Directors shall meet in executive session at least twice a year with no members of management or non-Independent Directors present. If the Chairman is an Independent Director, then the Chairman should chair such meetings. If not, then the Lead Director or Chair of the Corporate Governance and Nominating Committee shall have the powers and duties described below. The Independent Directors may designate a new Lead Director at any time. Each Independent Director shall have the authority to call executive sessions. The Lead Director's powers or duties shall include:

- presiding at executive sessions of the Independent Directors;
- advising the Chairman or CEO of decisions reached, and suggestions made, at executive sessions;
- calling meetings of the Independent Directors;

- reviewing and approving the agenda (including adding items to the agenda), schedule and materials for each Board and Corporate Governance and Nominating Committee meeting and executive session;
- facilitating communication between the Independent Directors and the Chairman or CEO;
- meeting directly with management and non-management employees of the firm, if perceived appropriate;
- meeting directly with independent advisors to the Company, if necessary and appropriate; and
- if requested by major shareholders, being available for consultation and direct communication.

## IX. Board Responsibilities

The business and affairs of the Company are under the governance of the Board in accordance with Utah law. The Board's responsibility is to provide direction and oversight. The Board confirms the strategic direction of the Company and oversees the performance of the Company's business and management. The management of the Company is responsible for presenting strategic plans to the Board for review and approval and for implementing the Company's strategic plans. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in the best interests of the Company, and they shall consider, among other things, the potential effect of any matter on the Company's reputation and performance.

Certain specific corporate governance functions of the Board are set forth below:

1. *Management Succession*. The Board, acting through the Corporate Governance and Nominating Committee in conjunction with the Organization and Compensation Committee, shall review and concur in a management succession plan, developed by the CEO, to ensure continuity in senior management. This plan, on which the CEO shall report at least annually, shall address:
    - emergency CEO succession;
    - CEO succession in the ordinary course of business, including retirement; and
    - succession for the other members of senior management.

    The plan shall include an assessment of senior management experience, performance, skills and planned career paths.

2. *Evaluating the CEO*. The Board, acting through the Organization and Compensation Committee, shall annually conduct an evaluation of the performance of the CEO. The chairperson of the Organization and Compensation Committee shall communicate such evaluation to the CEO and other members of the Board.

3. *Reviewing and Approving Significant Transactions*. Board approval of a particular transaction may be appropriate because of several factors, including:
   - legal or regulatory requirements;
   - the materiality of the transaction to the Company's financial performance, risk profile or business;
   - the terms of the transaction; or
   - other factors, such as the entering into of a new line of business or a variation from the Company's strategic plan.

   To the Extent the Board determines it appropriate, the Board shall develop standards to be utilized by management in determining types of transactions that should be submitted to the Board or through the ad hoc Capital Committee for review and approval or notification.

4. *Director Compensation*. The Organization and Compensation Committee shall periodically review the form and amounts of director compensation and make recommendations to the Corporate Nominating and Governance Committee with respect thereto. The Board shall set the form and amounts of director compensation, taking into account the recommendations of the two Committees. The Board believes that the amount of director compensation should fairly reflect the contributions of the directors to the performance of the Company. The Organization and Compensation Committee shall periodically provide to the Board a report on the director compensation policies and practices of comparable companies. Only non-management directors shall receive compensation for services as a director. To create a direct linkage with corporate performance, the Board believes that a meaningful portion of the total compensation of non-management directs should be provided and held in common stock, restricted stock units, stock options or other types of equity-based compensation.

## X. Expectations for Directors

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the efficient conduct of the Board's business. It is understood that the Independent Directors are not full-time employees of the Company.

1. *Commitment and Attendance*. All directors should make every effort to attend meetings of the Board and the Committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance in unusual circumstances.

2. *Participation in Meetings*. Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and the competition it faces, to ensure active and effective participation in the deliberations of the Board and of each Committee on which he or she serves. Upon request, management shall make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and the Committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics*. In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interest possessed by a director.

   The Company has adopted a Code of Business Conduct and Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to potential conflicts of interests, the taking of corporate opportunities for personal use, and transactions in the securities of the Company. Directors should be familiar with the Code's provisions in these areas and should consult with one of the Company's executive officers or outside counsel in the event of any issues.

4. *Non-employee Director Stock Ownership*. The Board believes that it is important for each director have a financial stake in the Company to help align the director's interests with those of the Company's shareholders. To meet this objective, it is the policy of the Board that each director who is not an employee of the Company or its affiliates (a "Non-employee Director") must maintain, at all times during his or her tenure on the Board, beneficial ownership of a number of shares of the Company's common stock having a minimum aggregate value of at least four times the amount of the most recent annual cash retainer paid to each Non-employee Director for service on the Board of Directors (other than relating to committee service), provided that new Non-employee Directors will have up to five years of service on the Board to meet this ownership requirement. In determining the minimum aggregate value of the Non-employee Directors' beneficially owned shares, each Non-employee Director may rely on the greater of (a) the average of the closing prices of the Company's common stock over the two-year period prior to the date of determination or (b) the sum of (x) the aggregate price paid by such director for his or her shares plus (y) for all shares granted to such director by the Company pursuant to restricted stock awards, the aggregate fair market value of such shares determined on the date of grant. In the event a Non-employee Director fails to comply with the foregoing policy, such Non-employee Director shall not sell any shares of the Company's common stock until such director again complies with the foregoing policy.

5. *Other Directorships and Significant Activities*. The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities may also present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Directors should advise the chairperson of the Corporate Governance and Nominating Committee, Lead Director, Chairman and the CEO before accepting membership on other boards of directors or any audit committee or other significant committee assignment on any other board of directors, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the Company.

6. *Contact with Management, Employees and Independent Advisors*. All directors shall be free to contact the CEO at any time to discuss any aspect of the Company's business. Directors shall also have complete access to other employees of the Company. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and Committee meetings, or in other formal or informal settings.

Further, the Board encourages management to bring into Board meetings from time to time (or otherwise make available to Board members) individuals who can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas.

Finally, the Board and the Committees are authorized to consult with independent advisors at the expense of the Company, as is necessary and appropriate, without consulting management of the Company.

7. *Speaking on Behalf of the Company*. It is important that the Company speak to employees and outside constituencies with a single voice, and that the CEO serve as the primary spokesperson. If a situation does arise in which it seems necessary for a Non-employee Director to speak on behalf of the Company to one of these constituencies, the director should consult with the CEO.

8. *Confidentiality*. The proceedings and deliberations of the Board and the Committees shall be confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

## XI. Evaluating Board and Committee Performance

The Board, acting through the Corporate Governance and Nominating Committee, shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. Each Committee shall conduct an annual self-evaluation as provided for in its respective charter.

## XII. Orientation and Continuing Education

Management, working with the Board, shall provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management shall prepare additional educational sessions for directors on matters relevant to the Company and its business.

## XIII. Reliance on Management and Outside Advice

In performing its functions the Board shall be entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to select, retain, terminate and approve the fees and other retention terms of its outside advisors.

*Amendment, Modification and Waiver*. These Guidelines may be amended, modified or waived by the Board of Directors and waivers of these Guidelines may also be granted by the Corporate Governance and Nominating Committee, subject to the disclosure and other provisions of the Securities and Exchange Act of 1934, the rules promulgated there under and the applicable rules of the New York Stock Exchange.