

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER OF PEERLESS SYSTEMS CORPORATION

PURPOSE OF COMMITTEE

The purpose of the Nominating and Corporate Governance Committee (the “Governance Committee”) of the Board of Directors (the “Board”) of Peerless Systems Corporation (the “Company”) is to identify and recommend individuals to the Board for nomination as members of the Board and its committees and to develop and recommend to the Board a set of corporate governance guidelines applicable to the Company. The Governance Committee shall report to the Board on a regular basis and not less than once a year.

COMMITTEE MEMBERSHIP

The Governance Committee shall consist solely of “independent directors,” *i.e.* those directors who neither are officers or employees of the Company or its subsidiaries nor have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise “independent” under the rules of the Nasdaq National Market.

Members shall be appointed by the Board after receiving recommendations from the members of the Board so designated, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

COMMITTEE STRUCTURE AND OPERATIONS

The Board shall designate one member of the Governance Committee as its chairperson (the “Chairman”), with the chairpersonship to be rotated at least once every two years. The Governance Committee shall meet in person or telephonically at least twice a year at a time and place determined by the Chairman, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Governance Committee or the Chairman.

COMMITTEE DUTIES AND RESPONSIBILITIES

The following are the duties and responsibilities of the Governance Committee:

1. To make recommendations to the Board from time to time as to changes that the Governance Committee believes to be desirable to the size of the Board or any committee thereof.
2. To identify individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as directors at the

annual meeting of stockholders or, if applicable, at a special meeting of stockholders. In the case of a vacancy on the Board (including a vacancy created by an increase in the size of the Board), the Governance Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by stockholders. In nominating candidates, the Governance Committee shall take into consideration the factors set forth under “Candidates for Board Membership” in the Company’s Corporate Governance Guidelines and such other factors as the Governance Committee deems appropriate. The Governance Committee may consider candidates proposed by management, but is not required to do so.

3. To develop and recommend to the Board standards, consistent with the requirements of law or of any exchange on which the Company’s securities are traded, to be applied in making determinations as to the absence of relationships between the Company or its subsidiaries and a director which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.
4. To identify Board members qualified to fill vacancies on any committee of the Board (other than the Governance Committee) and to recommend that the Board appoint the identified member or members to the applicable committee. In nominating a candidate for committee membership, the Governance Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate’s experience with the goals of the committee and the interplay of the candidate’s experience with the experience of other committee members.
5. To oversee the periodic evaluation of the effectiveness of the Board.
6. To develop and recommend to the Board a set of corporate governance guidelines applicable to the Company, and to review those guidelines at least every other year.
7. To review the amount and composition of director compensation and, if deemed appropriate, make recommendations to the Board regarding changes to director compensation.
8. To prepare and issue the evaluation required under “Performance Evaluation” below.
9. To perform any other duties or responsibilities expressly delegated to the Governance Committee by the Board from time to time.

DELEGATION TO SUBCOMMITTEE

The Governance Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Governance Committee.

PERFORMANCE EVALUATION

The Governance Committee shall produce and provide to the Board a periodic performance evaluation which shall compare the performance of the Governance Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Governance Committee's charter deemed necessary or desirable by the Governance Committee. The performance evaluation by the Governance Committee shall be conducted in such manner as the Governance Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairman or any other member of the Governance Committee designated by the Governance Committee to make this report.

RESOURCES AND AUTHORITY OF THE COMMITTEE

The Governance Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to consultants or search firms used to identify director candidates, this authority shall be vested solely in the Governance Committee.