

PHOENIX TECHNOLOGIES LTD  
Form 8-K  
December 18, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 11, 2009

Phoenix Technologies Ltd.

(Exact name of registrant as specified in its charter)

Delaware

000-17111

04-2685985

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

915 Murphy Ranch Road, Milpitas, California

95035

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

408-570-1000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) Approval of Severance Benefits Agreement

On December 11, 2009, Phoenix Technologies Ltd. (the "Company") entered into a Severance and Change of Control Agreement (the "Severance Agreement") with Timothy Chu ("Executive"), which amends and restates Mr. Chu's previous agreement with the Company relating to severance and change of control. The initial term of the Severance Agreement is four years. In the event that the Company terminates Executive's employment for any reason other than cause, death or disability, the Company will pay to Executive salary continuation benefits equal to such Executive's then-current base salary for 6 months. Executive and Executive's eligible dependents will also receive continuation of health, dental and vision benefits for six months following such termination.

If the Company terminates Executive's employment for any reason other than cause, death or disability, or Executive resigns for good reason, within the period beginning two months prior to and ending twelve months following a change of control of the Company, then in addition to the severance and benefits described above, 50% of Executive's then-unvested stock options and restricted stock will vest as of the termination date. If Executive's employment is terminated as a result of his death or disability, Executive and/or the Executive's eligible dependents will receive continuation of health, dental and vision benefits during the first six months following such termination.

In the event that the payments under the Severance Agreement constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code (the "Code") and would subject the Executive to the excise tax under Section 4999 of the Code, Executive is entitled to either (i) the full payments provided under the Severance Agreement, or (ii) such lesser amount which would result in no portion of such payments being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account all applicable income and excise taxes, would result in a greater after-tax benefit to Executive. The Executive's right to receive the payments described in his Severance Agreement is subject to his signing and not revoking a separation and release of claims agreement with the Company within the time period provided for in the Separation Agreement.

The description in this Item 5.02 of the Severance Agreement is qualified in its entirety by reference to the full text of the Severance Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

10.1 Severance and Change of Control Agreement between Timothy Chu and Phoenix Technologies Ltd., dated December 11, 2009.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Phoenix Technologies Ltd.

*December 17, 2009*

By: */s/ Timothy C. Chu*

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*Name: Timothy C. Chu*

*Title: VP, General Counsel and Secretary*

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Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
10.1	Severance and Change of Control Agreement between Timothy Chu and Phoenix Technologies Ltd., dated December 11, 2009.