

# Monotype

## Board of Directors Stock Ownership Guidelines

*Approved:*

*October 27, 2010*

*Amended:*

*March 3, 2016*

*Amended:*

*February 14, 2018*

The Board of Directors (the “Board”) of Monotype Imaging Holdings Inc. (the “Company”) has adopted these written Board of Directors Stock Ownership Guidelines (these “Guidelines”) to further align the interests of our Board of Directors with the interests of the Company’s stockholders by encouraging them to acquire and retain at least a minimum amount of the Company’s common stock and promote the Company’s commitment to principles of sound corporate governance.

Accordingly, the Board has adopted the following Board of Directors Stock Ownership Guidelines.

**Minimum Ownership:** In order to be in compliance with these Guidelines, any non-employee member of the Board must have on each Measurement Date (as defined below) Company common stock having an aggregate value of at least five times the annual cash retainer paid to the Directors as of such Measurement Date.

**Measurement Date:** A “Measurement Date” means the close of business at the Company’s principal office on each December 31. These Guidelines shall only be applied to a Director who has held that position for at least three years.

**Securities Counted:** For purposes of these guidelines, the Board member shall be deemed to own shares issued to the Director by the Company, held for the benefit of the Director under an employee benefit plan, and any Company shares purchased on the open market. Securities held by members of the Director’s immediate family living in the same household, or held in trust for the Director or any such family member, shall be included. Securities that qualify as common stock for purposes of these guidelines include:

- Shares of unrestricted common stock.
- Shares of restricted stock and similar time-vested instruments, both vested and unvested.
- Shares of vested incentive or non-qualified stock options with a fair market value above the grant exercise price.

Securities that do not qualify as common stock for purposes of these Guidelines include:

- Unvested stock options

**Valuation:** The value of shares held on a Measurement Date shall be determined as follows:

- Unrestricted or Restricted Common Stock Granted to the Director by the Company: One share of the Company's common stock shall be valued at the average of the NASDAQ closing prices on the Nasdaq Global Select Market (or such other market on which the Company's common stock is then principally listed) on each of the last 20 trading days prior to December 31<sup>st</sup> (including December 31<sup>st</sup> if such date is a trading day).
- Shares purchased in the open market: Each share of the Company's common stock will be valued at the actual price paid for such share.
- Vested Options: The valuation methodology utilized for unrestricted or restricted common stock will be utilized, less the exercise price for such options.

**Enforcement:** If, on any Measurement Date, the Director's ownership is below the Guidelines, the Director must retain ownership of at least 50% of any net shares of Company common stock acquired by the Director until the next Measurement Date. "Net shares" are the shares that remain after shares are sold or netted to pay the exercise price of stock options (if applicable) and withholding taxes.

**Exceptions:** The Management Development and Compensation Committee or its Chair may grant exceptions to the Guidelines in cases of serious hardship or upon satisfactory showing that the Director has met the Guidelines through acquisition of common stock since the last Measurement Date. Such exceptions may be made subject to such conditions and for such periods of time as the Management Development and Compensation Committee or Chair may deem appropriate. Any such exception granted by the Chair may not extend past the next regular meeting of the Committee, at which time the exceptions shall be subject to confirmation by the full Management Development and Compensation Committee.

**Administration:** These Guidelines shall be administered by the Management Development and Compensation Committee of the Board, which shall have the power to interpret its provisions. These Guidelines may be amended or repealed by the Board.