

# WORLDSPACE, INC.

## CORPORATE GOVERNANCE GUIDELINES

(as adopted on March 14, 2005)

### I. RESPONSIBILITIES OF THE BOARD

The primary responsibilities of the Board of Directors are (i) evaluation of the chief executive officer (the “CEO”) and the CEO’s management team, and (ii) oversight of management’s long-term strategy and planning.

The basic responsibility of each individual directors is to perform his/her duties in good faith in a manner he/she reasonably believes to be in the best interests of WorldSpace, Inc. (the “Company”) and its stockholders and with the care and attention a person in a like position would reasonably believe appropriate under similar circumstances. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of the Company’s senior executives and outside advisors and auditors. It is the sense of the Board that the Board members should have thorough insight into the Company and the evolution of its management philosophy; they should oversee the evolution of that philosophy without becoming involved in the management implementation of it; and they should ensure that management is working to serve the Company’s stockholders.

Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting will generally be distributed in writing to the directors before the meeting, and directors are expected to thoroughly review these materials in advance of each meeting.

### II. DIRECTOR QUALIFICATIONS AND COMPOSITION OF THE BOARD

At least a majority of the members of the Company’s Board shall be directors who meet all applicable criteria for independence (“**independent directors**”) established by the Nasdaq Stock Market, Inc. (the “**Nasdaq**”) and the United States Securities and Exchange Commission (the “**SEC**”). In addition, the Board has a responsibility to make an affirmative determination that no director or nominee for director has a relationship that would interfere with that individual’s exercise of his or her independent judgment in carrying out the responsibilities of a director.

It is the sense of the Board that to provide the depth and breadth of wisdom and experience desirable for the Company and to staff committees adequately while at the same time maintaining close working relationships and avoiding excessive and unnecessary formality.

Subject to such exceptions as may be necessary or appropriate from time to time, the Board anticipates having at least five independent directors who will bring varied but relevant experience, wisdom and judgment to the Board and offer a sounding board for the CEO on planning and policy. In addition, the Board believes that it is desirable to have on the Board one

(1) active management representative, which number may, as deemed appropriate under the circumstances, be increased to two (2) from time to time.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of nominees to the Board as well as the composition of the Board as a whole. This assessment will include members' qualifications as independent, the financial literacy requirement for members of the Audit Committee and the qualification of at least one member of the Audit Committee as an "audit committee financial expert" pursuant to SEC and Nasdaq rules, as well as considerations of diversity, skills, background and experience in the context of the needs of the Board. Nominees for director shall be individuals who have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment, and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the stockholders. Proposed nominees for directors will be selected by the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter, and recommended to the Board for nomination for election at the next stockholders' meeting called for that purpose or for filling any vacancy in accordance with the Company's by-laws.

The Company does not place a specific limitation on the number of directorships or committee memberships an individual member of the Board may hold. In selecting nominees for membership, the Nominating and Corporate Governance Committee takes into account the other demands on the time of a candidate and, with respect to current members of the Board, their attendance at, preparedness for and participation in Board and committee meetings. Directors should advise the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on the board or on a board committee of another public company.

Directors are expected to inform the Governance and Nominating Committee timely of any material changes in their circumstances or relationships that may impact their designation as "independent".

### **III. BOARD MEETINGS**

The Chairman, with the assistance of senior management, will establish the agenda for each Board meeting. At the beginning of the year, the Chairman will establish a schedule of general agenda subjects to be discussed during the year, subject to modification as appropriate throughout the year. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal financial, accounting and risk management issues facing the Company during at least one (1) Board meeting each year.

The Board will hold regular meetings not less than four (4) times a year on a quarterly basis.

At the invitation of the Board, members of the Company's senior management will participate in Board meetings. Notwithstanding the participation of senior management in Board

meetings, there will be an executive session of the Board at the beginning and/or end of each Board meeting, as deemed appropriate by the Board, during which session only members of the Board will be present, together with any of the Company's or the Board's outside advisers as the Board deems appropriate. At such executive session, the Board will discuss management's performance as and when deemed necessary, discuss and vote on any proposals brought to the Board it chooses to discuss, and hold any other discussions the Board deems necessary or desirable.

The independent directors will meet separately in executive session on not less than a quarterly basis. The Chair of the Nominating and Corporate Governance Committee will preside at these meetings.

Directors are expected to bring to the attention of the General Counsel any actual or potential material conflict of interest of which they are aware related to Company affairs. Any person, including a director, providing information on a matter to the Board has an affirmative obligation to disclose to the Board any actual or potential material conflict of interest that he or she may have at the time the matter is presented to the Board.

#### **IV. BOARD COMMITTEES**

The Board will have, at all times, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Subject to an exception for a single director on each committee as permitted by the rules of Nasdaq, each member of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will be an independent director meeting all applicable criteria established by Nasdaq and the SEC. The Board will appoint committee members and the Chair of each committee upon the recommendation of the Nominating and Corporate Governance Committee, taking into consideration the preferences of individual directors.

Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will have its own charter. The charter of each committee will set forth the purposes and responsibilities of the committees as well as the qualification for committee membership, procedures for committee member appointment, committee structure and operations and committee reporting to the Board. The charter of each will also provide that the committee will annually evaluate its performance.

The chair of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings, consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee and senior management, will develop the committee's agenda for each meeting. At the beginning of the year, each committee will establish a schedule for general agenda subjects to be discussed during the year, subject to modification as appropriate throughout the year. Such schedule of each committee will be furnished to all directors.

The Audit Committee will consist of at least three (3) members, all of whom shall meet the financial literacy requirements of the Nasdaq and at least one of whom shall be an "audit

committee financial expert” in accordance with the requirements of the Nasdaq and the SEC. The Audit Committee will have such responsibilities as are set forth herein and in its charter.

The Compensation Committee will consist of at least three (3) members. The Compensation Committee will have such responsibilities as are set forth herein and in its charter.

The Nominating and Corporate Governance Committee will consist of at least three (3) members. The Nominating and Corporate Governance Committee will have such responsibilities as are set forth herein and in its charter.

A majority of the members shall constitute the quorum required for each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee to conduct business.

The Board and each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee will have the power to hire independent legal, financial or other advisors as they may deem necessary and to approve each such advisor’s fees and other retention terms without consulting or obtaining the approval of any officer of the Company.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

## **V. DIRECTOR COMPENSATION**

The Compensation Committee will determine the form and amount of director compensation in accordance with the general principles set forth herein. The Compensation Committee will conduct a review of director compensation periodically.

It is the sense of the Board that compensation of the Board members for their services as such and for services on Board committees should mirror the Company’s compensation objectives for its senior management. Accordingly, it is the sense of the Board that, except pursuant to exceptional circumstances, the Board compensation should be competitive with the compensation of directors of other companies of similar size and business, with the division of such compensation between cash and the Company’s stock to be weighted more toward stock than that of such other companies in order to encourage directors to have a financial stake in the Company. Directors who are executives of the Company will receive no additional compensation for service on the Board or on a committee of the Board. Generally, it is expected that non-management directors will receive no direct or indirect compensation from the Company other than that described above. If a director anticipates receipt of any form of compensation from the Company other than that described above and such compensation raises any question regarding that director’s independence under SEC or Nasdaq rules, the arrangements related to such compensation shall be fully disclosed to all members of the Board and executive management in advance and approved by the full Board of Directors in advance.

## **VI. DIRECTOR ACCESS TO OFFICERS AND EMPLOYEES**

Directors will have full and free access to officers and employees of the Company. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.

## **VII. BOARD COMMUNICATION WITH OUTSIDE PERSONS**

The Board believes that the Company's management speaks for the Company, and in general the CEO, shall be the spokesperson for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management and with the express advanced approval of the Board.

## **VIII. COMMUNICATIONS WITH AUDIT COMMITTEE, NON-MANAGEMENT DIRECTORS OR THE BOARD OF DIRECTORS**

Anyone who has a concern or complaint regarding accounting, internal accounting controls or auditing matters at the Company may communicate that concern or complaint directly to the Audit Committee. Such communications may be confidential or anonymous, and may be sent by mail or phone to the special address or toll-free phone numbers of the Company's service provider that are published on the Company's website. Communications may be sent to the independent directors or the Board of Directors using the same procedures. These methods of communication are in addition to other procedures described in the Company's Code of Ethics for All Employees. The Company prohibits retaliation against any employee who communicates any concern or complaint in good faith.

## **IX. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Board may provide for each new director to participate in an orientation program, which will take place within a reasonable time after the annual meeting at which such director is first elected. Orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its Code of Ethics for the Chief Executive Officer and Senior Financial Officers, these Corporate Governance Guidelines, its principal officers and its independent auditors. The orientation program may include visits to the Company's headquarters, an independent subsidiary office or a significant operating company. All other directors are also invited to attend the orientation program.

As part of the continuing education for directors, at least annually the General Counsel will review with the directors the Company's compliance programs, its Code of Ethics for All Employees, its Code of Ethics for the Chief Executive Officer and Senior Financial Officers, these Corporate Governance Guidelines and the duties of directors under applicable laws, regulations and rules. The directors are encouraged to undertake such other educational efforts as they deem appropriate.

## **X. ANNUAL PERFORMANCE EVALUATION**

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee will obtain comments from all directors and will report annually to the Board with an assessment of the Board's performance. Such assessment will be discussed with the full Board. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.

## **XI. CEO EVALUATION AND MANAGEMENT SUCCESSION**

It is the sense of the Board that the Board should continuously and fairly appraise the CEO, including the CEO's effectiveness in managing the business, plans for the future and interest and concern for the Company's stockholders. The Compensation Committee will conduct an annual review of the CEO's performance as set forth in its charter, in order to ensure, that the CEO is providing the best leadership for the Company in the long and short term.

The Nominating and Corporate Governance Committee should make an annual report to the Board on succession planning. The entire Board will work with the Nominating and Corporate Governance Committee to identify, evaluate, and recommend to the Board potential successors to the CEO, as appropriate. The CEO should regularly make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **XII. INSURANCE AND INDEMNIFICATION**

The directors will be entitled to have the Company purchase directors' and officers' liability insurance on their behalf (if available, at a reasonable cost, as determined by the Board), to the benefits of indemnification to the fullest extent permitted by law in the Company's charter, by-laws and, any indemnification agreements, and to exculpation as provided by state law and the Company's charter.

## **XIII. PERIODIC REVIEW AND PUBLICATION**

The Nominating and Corporate Governance Committee will review these Guidelines annually (and more often if it deems necessary) and will report to the Board any recommendation that it may have regarding modification of these Guidelines. The Board may modify, suspend or rescind all or part of these Guidelines as it considers appropriate.

The Company's Corporate Governance Guidelines and the charter of its Audit, Compensation, and Nominating and Corporate Governance Committee shall be made publicly available on the Company's website, <http://www.worldspace.com/>, and shall be made available in print to any stockholder who requests a copy in writing.