

# Corporate Governance Guidelines

## The Mission of the Board of Directors

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Tsingda eEDU Corporation (“Tsingda”) to assist the Board in the exercise of its responsibilities. The Board of Directors is elected by the shareholders to oversee their and other stakeholders' interest in the long-term health and the overall success of the Company and its financial strength. The Board's primary responsibilities are to oversee and counsel the Company's Chief Executive Officer and other members of the senior management team. Some of the Board's precise responsibilities include:

- ✧ To review the Company's major financial objectives, critical strategies and long-term plans, including major allocations of capital and significant business acquisitions and divestitures.
- ✧ To assess major risks facing the Company, and options for their mitigation.
- ✧ To oversee the processes for maintaining the integrity of the Company with regard to its financial statements and other public disclosures, and compliance with laws and ethics.
- ✧ To appoint, regularly evaluate the performance of, and approve the compensation of the Chief Executive Officer and other senior executives.
- ✧ To oversee succession planning for the Chief Executive position.
- ✧ To nominate director candidates for election by shareholders to membership on the Board, based upon the recommendations of the Nominating and Governance Committee.
- ✧ To monitor the effectiveness of the Company's corporate governance practices and make changes as necessary or appropriate for the Company.

## Board Composition

*Board Size.* The Articles of Incorporation of the Company provide that the number of directors shall be at least 5 and not more than 24. The Board will periodically review the appropriate size of the Board.

*Majority of Independence Directors.* At least a majority of the Board shall consist of directors whom the Board has determined to be independent. In determining independence, the Board will consider the definition of “independent director” in the listing standards of The Nasdaq Stock Market, Inc. (“Nasdaq”) as well as the Company's own specific standards, other facts and circumstances that the Board considers relevant.

*Annual Election of Directors.* All directors shall stand for election each year at the Company's annual meeting of shareholders.

*Chairman and CEO.* It is appropriate and efficient for Tsingda's Chief Executive Officer to serve also as the Chairman of the Board, but the Board may separate those roles in the future if it deems such action appropriate.

*Lead Independent Director.* The Board has an independent director who is selected by the independent directors to serve as the lead director. The lead director has the following responsibilities:

    serves as a non exclusive liaison with the Chairman and CEO, in consultation with the other directors;

    with the Chairman, formally sets the agenda for board meetings and sets the agenda for and leads the independent directors in all executive sessions, provides feedback, as appropriate, from such sessions to the Chairman and Chief Executive Officer;

    As required, facilitates discussions, outside of normal board meetings, among the independent directors on key issues concerning senior management.

*Term Limits.* The Board believes that experience as a Tsingda director is a valuable asset, especially in light of the size, complexity and international scope of the Company's operations. Therefore, directors are not subject to term limits except as may result upon reaching the ages described immediately below under "Retirement Policy."

*Retirement.* No Director who has reached the age of at least 70 years at the expiration of his or her current term may be nominated to a new term, unless the Board, upon recommendation of the Nominating and Governance Committee, waives the retirement age for such Director. This waiver must be renewed each time such Director is up for re-election.

*Directors Who Change Job Responsibility.* The Board does not believe that Directors who retire or change their principal occupation or business association should necessarily leave the Board. However, promptly following any such event, the director shall offer to tender his/her resignation to the Nominating and Governance Committee, so that there is an opportunity for the Board, through the Nominating and Governance Committee, to review the continued appropriateness of Board membership under new circumstances.

### **Director Elections; Qualifications; Orientation and Continuing Education**

*Selection of Directors.* The full Board, acting on the recommendation of the Nominating and Governance Committee, will nominate a slate of director candidates for election at each annual meeting of shareholders and will elect directors to fill vacancies.

*Qualifications.* The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications of potential director candidates and recommending to the

Board those candidates to be nominated for election to the Board. The Nominating and Corporate Governance Committee will consider the individual's background, skills and abilities, and whether such characteristics qualify the individual to fulfill the needs of the Board at that time. The Board should monitor the mix of skills and experience of its directors in order to assure that the Board has the necessary tools to perform its oversight function effectively. Shareholders also may nominate directors for election at Tsingda's annual meeting of shareholders, whose qualifications the Nominating and Corporate Governance Committee will consider. Candidates should be selected for, among other things, their independence, character, ability to exercise sound judgment, diversity, age, demonstrated leadership, skills, including financial literacy, and experience in the context of the needs of the Board.

*Orientation and Continuing Education.* Each new director is provided with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and to enable them to perform their duties. Directors also are encouraged to visit the Company's facilities and meet with Company employees throughout their tenure on the Board. In addition, directors are encouraged to attend accredited director education programs at the Corporation's expense.

#### **Directors' Time Commitment and Availability**

Directors are expected to regularly attend Board meetings and meetings of the Committees on which they serve, and to undertake any additional tasks assigned to them by the Board, as recommended by the Nominating and Governance Committee. They are expected to review all materials distributed to them in advance of the meetings, to periodically review materials posted on the Board website between meetings to keep them informed about the Company's business and performance, and to spend the time necessary to prepare for meetings. Directors must be contactable by the Chairman and the Secretary on short notice and be available for special meetings of the Board when necessary.

#### **Conflicts of Interest**

Each director is expected to be familiar with and follow the Tsingda Code of Business and Ethics Policy. If an actual or potential conflict of interest develops, or a situation arises which might give the appearance of such a conflict, the director should immediately report the matter to the Secretary and to the Chair of the Nominating and Governance Committee. If a director has a personal, business or professional interest in a matter before the Board, the director shall disclose the interest to the Board, excuse himself or herself from discussions on the matter and not vote on the matter.

#### **Board and Committee Access to Management and Independent Advisors**

The Board and its Committees have full and free access to officers and employees of Tsingda, and are free to retain independent legal, financial and other advisors, as they deem necessary or appropriate in the carrying out of their duties. For purposes of preparing the agenda for Board and Committee meetings, the Chairman and Committee Chairs regularly solicit suggestions from the directors for presentations by executive

officers and other senior managers at Board and Committee meetings. Any additional meetings or contacts that a director wishes to initiate may be arranged through the Chairman, the Secretary or any Committee Chair.

### **Non-Executive Director Compensation**

The Compensation Committee biannually reviews the compensation of non-executive Directors and will make recommendations to the full Board. Directors who are employees of Tsingda do not receive compensation for serving on the Board or its committees. The Compensation Committee considers various factors in determining the form and amount of non-executive director compensation before making its recommendation to the full Board, including alignment of incentives with the interests of the Company and its shareholders, the maintenance of the independence of a majority of members of the Board, consideration of the work load, time commitment and responsibilities involved in Board and Committee meeting participation, and comparison with the compensation practices of comparable companies.

### **Executive Sessions of the Non-Executive Directors**

Executive sessions of the non-executive directors are scheduled at every regular Board meeting, and as requested by a director. At least one executive session each year shall include sufficient time for review of the Chief Executive Officer's objectives and performance evaluation.

### **Succession Planning**

At least one executive session of the Board each year will include review of the Chief Executive Officer's recommendations as to Tsingda executives who may be qualified at that time, or are being developed, to succeed the Chief Executive Officer in an emergency or upon his or her retirement. During periods of active succession planning, the non-executive directors carefully consider the Chief Executive Officer's proposed approach to the decision and transition as well as any other approach that they deem appropriate.

### **Annual Performance Evaluation of the Board and Committees**

The Nominating and Governance Committee conducts an annual self-evaluation by the directors of the Board's performance, and the full Board discusses the results and considers ways to improve Board practices. The Committee reviews these Corporate Governance Guidelines on the basis of that evaluation and discussion, as well as developments in law, listing standards, and governance best practices, and recommends any appropriate changes to the Board for its consideration.