

Corporate Governance Guidelines

I. Introduction

The Board of Directors (the “Board”) of China Digital TV Holding Co., Ltd. (the “Company”), acting on the recommendation of its Corporate Governance and Nominating Committee, has developed and adopted a set of corporate governance guidelines (the “Guidelines”) to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

II. Board Composition

Pursuant to the Company’s Articles of Association, the number of directors shall be not less than five and not more than eleven. The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company’s business;
- A majority of the Board shall consist of directors who the Board has determined have no material relationship with the Company and who are otherwise “independent” under the rules of the New York Stock Exchange, Inc. (the “NYSE”).

III. Selection of Chairman of the Board and Chief Executive Officer

The Board is free to select its chairman and the Company’s chief executive officer in the manner it considers in the best interests of the Company at any given point in time. These positions may be filled by one individual or by two different individuals.

IV. Selection of Directors

Nominations. The Board is responsible for selecting the nominees for election to the Board. The Corporate Governance and Nominating Committee is responsible for recommending to the Board a slate of directors or one or more nominees to fill vacancies occurring between annual meetings of shareholders. The Corporate Governance and Nominating Committee may use outside consultants to assist in identifying candidates, and shall discuss and evaluate candidates in detail prior to recommending them to the Board.

Criteria. The Board should, based on the recommendation of the Corporate Governance and Nominating Committee, select nominees for the position of director considering the following criteria:

- Personal qualities and characteristics, educational and professional accomplishments and reputation in the business community;
- Current knowledge of and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business;
- General understanding of finance and other areas relevant to the success of a publicly traded company;
- Past and present service on the boards of directors of other organizations including publicly traded companies;
- Ability and willingness to commit adequate time to Board and committee matters;
- The fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company; and
- Diversity of viewpoints, background, experience and other demographics.

In determining whether to recommend a director for re-election, the Corporate Governance and Nominating Committee and the Board also shall consider such director's past attendance at Board and committee meetings and participation in and contributions to the activities of the Board.

Invitation. The invitation to join the Board should be extended by the Board itself via the chairman of the Board and chief executive officer of the Company, together with an independent director, when deemed appropriate.

Independence. The Corporate Governance and Nominating Committee is responsible for initially assessing whether a Board nominee qualifies as independent under the rules of the U.S. Securities and Exchange Commission (the "SEC") and the NYSE. The Board, taking into account the assessment of the Corporate Governance and Nominating Committee, shall make a final determination as to whether a nominee or appointee shall be deemed an independent director.

The Board shall review annually the relationships that each independent director, directly or indirectly, has with the Company for the purpose of confirming each such director's continued independent status.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on

the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile.

V. Election Term

The Board does not believe it should establish term limits.

VI. Retirement or Resignation of Directors

The Board believes it should not establish a mandatory retirement age.

A chief executive officer or other officer of the Company who resigns from his or her management position or a non-management director who changes substantially his or her principal occupation or business association shall tender to the Board such officer's proposed resignation from the Board. The Corporate Governance and Nominating Committee shall review such director's continuation on the Board, and recommend to the Board whether, in light of all the circumstances, the Board should accept such proposed resignation or request that the director continue to serve.

VII. Board Meetings

The Board currently plans at least four meetings each year, with further meetings to occur at the discretion of the Board. The meetings will usually consist of committee meetings and the Board meeting. The Board may act by unanimous written consent in lieu of a meeting.

The agenda for each Board meeting will be prepared by the Company Secretary with input from Company management and, as necessary or desired, from the other directors. Management will seek to provide to all directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible. Materials presented to the Board or its committees should be as concise as possible, while still providing the desired information needed for the directors to make an informed judgment.

VIII. Executive Sessions

To ensure free and open discussion and communication among the non-management directors of the Board, the non-management directors shall meet at least once each year in executive session without management directors or management being present. The non-management directors shall review the Company's implementation of and compliance with these Guidelines and consider other matters as they deem appropriate at such meetings. The non-management directors shall designate one of their number to preside at such executive sessions. In addition, if the non-management directors include directors who are not also independent as defined by the NYSE rules, the independent directors shall also meet separately at least twice each year in executive session.

IX. The Committees of the Board

The Board shall have at least the committees required by the rules of the NYSE. Currently, these are the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Each of these three committees must have a written charter satisfying the rules of the NYSE. The Audit Committee must also satisfy the requirements of Rule 10A-3 under the Exchange Act of 1934, as amended (the “Exchange Act”).

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee’s activities to the Board.

Each of the Corporate Governance and Nominating Committee, the Audit Committee and the Compensation Committee shall be composed of at least three directors who the Board has determined have no material relationship with the Company, who are otherwise independent under the rules of the NYSE and, in the case of the Audit Committee, who satisfy the additional eligibility requirements of Rule 10A-3. The required qualifications for the members of each committee shall be set out in the respective committees’ charters. A director may serve on more than one committee for which he or she qualifies.

X. Management Succession

The Corporate Governance and Nominating Committee shall work on a periodic basis with the chief executive officer to develop, maintain and revise, as necessary, a succession plan upon the chief executive officer’s retirement and in the event of an unexpected occurrence. The chief executive officer shall report annually to the Board on succession planning for the chief executive officer and other senior management positions. Such planning should include an assessment of the experience, performance, skills and planned career paths for possible successors to the chief executive officer.

The Board should also determine that a satisfactory system is in place for the education, development and orderly succession of senior and mid-level managers throughout the Company.

XI. Executive Compensation

1. *Evaluating and Approving Salary for the chief executive officer.* The Board, acting through the Compensation Committee, evaluates the performance of the chief executive officer and the Company against the Company’s goals and objectives and approves the compensation level of the chief executive officer.

2. *Evaluating and Approving the Compensation of Management.* The Board, acting through the Compensation Committee, evaluates and approves the proposals for overall compensation policies applicable to executive officers.

XII. Board Compensation

Only non-management directors shall receive compensation for their services as directors. Non-management directors may be compensated in cash or by awards of Company shares or options to purchase Company shares, or a combination of the above. The Board should conduct a review at least once every three years of the components and amount of Board compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity.

XIII. Expectations for Directors

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Cayman Islands law and the requirements of the SEC and NYSE. Among other things, the directors have a duty to act in good faith in the best interests of the Company. The Board has developed a number of specific expectations of directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. *Commitment and Attendance.* All independent and management directors should make every effort to attend meetings of the Board and meetings of committees of which they are members. Members may attend by telephone or video conference to mitigate conflicts.

2. *Participation in Meetings.* Each director should be sufficiently familiar with the business of the Company, including its financial statements, capital structure and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a director.

The Company has adopted a Code of Business Conduct and Ethics. Certain portions of the Code deal with activities of directors, particularly with respect to transactions in the securities of the Company, potential conflicts of interest, the taking of corporate opportunities for personal use, and competing with the Company. Directors should be familiar with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

4. *Other Directorships.* The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors should advise the chair of the Corporate Governance and Nominating

Committee and the chief executive officer before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee. Any such determination shall be disclosed in the Company's annual report on Form 20-F.

5. *Contact with Management.* All directors are invited to contact the chief executive officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management in order to ensure that directors can ask questions and receive information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Any written requests to management for information should be copied to the chief executive officer of the Company. The Board expects that there will be frequent opportunities for directors to meet with the chief executive officer and other members of management in Board and committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

6. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson. Therefore, directors should refer all inquiries from institutional investors, the press or customers to the chief executive officer, the chief financial officer or other appropriate member of the Company's management. If comments from the Board are appropriate, they should, in most circumstances, come from the chairman of the Board. However, individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company.

7. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

XIII. Evaluating Board Performance

The Board, acting through the Corporate Governance and Nominating Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Corporate Governance and Nominating Committee should periodically

consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Corporate Governance and Nominating Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter.

XIV. Reliance on Management and Outside Advice

In performing its functions, the Board is entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other expert advisors. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.