

PEOPLESUPPORT, INC.

CORPORATE GOVERNANCE GUIDELINES

The Roles of the Board and Management

The Board. The business of the Corporation is to be conducted under the oversight of the Board. The Board selects the Chief Executive Officer (the “CEO”) and delegates to the CEO the authority and responsibility to manage the Corporation’s operations. The Board members serve as elected representatives of the stockholders, act as advisors and counselors to the CEO and senior management, and oversee management performance on behalf of stockholders.

Management. The CEO and senior management are responsible for running the Corporation’s business operations, and will consult with the Board as management and the Board deem necessary and desirable to obtain guidance on various matters.

Board Composition and Leadership

Chairman of the Board and CEO. The Board appoints the Chairman, has the authority to decide whether the positions of Chairman and CEO should be held by the same person, and will determine the best arrangement for the Corporation and its stockholders in light of all relevant and changing circumstances.

Size of the Board. The number of directors should not exceed a number that can function effectively. The Nominating and Corporate Governance Committee may from time to time consider and make recommendations to the Board concerning the appropriate size of the Board.

Board Independence. The Board believes there should be, and the rules of the NASDAQ Stock Market (the “NASDAQ Rules”) require, a majority of independent directors on the Board. As such, a majority of the directors will be “independent directors” as defined by the NASDAQ Rules and will satisfy all applicable board member independence requirements under the federal securities laws or rules thereunder. The Nominating and Corporate Governance Committee or other independent directors may from time to time make recommendations to the Board regarding changes to Board policies and procedures or redommendations regarding other corporate governance matters.

Board Membership Criteria. The Board’s objective is that its membership be comprised of individuals who have distinguished records of leadership and success in their arena of activity and who will make substantial contributions to Board operations. The Board’s assessment of Board candidates includes, but is not limited to, consideration of relevant industry experience, general business experience, relevant financial experience, the determination that a majority of the Board must be independent and that at least one of the members of the Audit Committee meets the Audit Committee financial expert requirements under NASDAQ Rules and SEC rules and regulations. Consideration will be given to: (i) experience in and contributions to the business community, (ii) personal qualities of leadership, character, judgment and whether the candidate possesses and maintains throughout service on the Board a reputation of integrity, trust, respect, competence and

adherence to the highest ethical standards, (iii) relevant knowledge and diversity of background and experience in such things as domestic and international business, the services sector, technology, finance and accounting, marketing, government affairs and the like, and (iv) whether the candidate is free of conflicts and has the time required for preparation, participation and attendance at all meetings. A director's qualifications in light of these criteria will be considered at least each time the director is re-nominated for Board membership. The Nominating and Corporate Governance Committee will periodically review with the Board the appropriate skills and characteristics required of Board members and determine whether changes should be made to Board or committee composition.

Selection of New Director Candidates. The Nominating and Corporate Governance Committee will screen and nominate candidates to the Board prior to each meeting of stockholders at which directors will be elected or at such other time as may be appropriate.

Director Orientation and Continuing Education. The Corporation will provide new directors who are not familiar with the Corporation with orientation and education to familiarize them with the Corporation's business operations and plans, industry trends and corporate governance practices. The Nominating and Corporate Governance Committee may from time to time arrange, as it deems appropriate, ongoing education for directors on issues facing the Corporation and on subjects that would assist the directors in discharging their duties.

Directors Who Experience Change in Present Job Responsibilities or Other Relevant Circumstances. When a director's principal occupation or business affiliation changes, or other circumstances arise which may raise questions about the director's continuing qualifications, the director will report such changes or circumstances to the Chairman of the Nominating and Corporate Governance Committee (or any other member of the Board, who will promptly report such information to the Chairman of the Nominating and Corporate Governance Committee). The Nominating and Corporate Governance Committee will consider whether the change in the director's circumstances are such that the director no longer qualifies for Board service. If that is the case, then the director should tender her or his resignation, or the Nominating and Corporate Governance Committee will ask for such tender. The Nominating and Corporate Governance Committee will consider the tendered resignation and recommend to the Board the action to be taken.

Service on Other For-Profit Boards. Independent directors are encouraged to evaluate carefully the time required to serve on other for-profit boards taking into account board attendance, preparation, participation and effectiveness on these boards. Independent directors will advise the Chairman or other members of the Nominating and Corporate Governance Committee before accepting an invitation to serve on another board to enable the Nominating and Corporate Governance Committee to determine whether (i) any regulatory issues or potential conflicts are raised by the director accepting such an invitation and (ii) the director will have the time required for preparation, participation and attendance at Board meetings.

Board Compensation Review. The Compensation Committee may from time to time review and recommend to the Board changes in compensation for non-employee directors.

Board Interaction with Stakeholders. The CEO is responsible for establishing effective communications with the Corporation's stakeholders, including stockholders, customers,

employees, communities, suppliers, creditors, governments and corporate partners. It is the policy of the Board that management speaks for the Corporation. This policy does not preclude independent directors from meeting with stakeholders, but management, where appropriate, should be present at such meetings.

Board Attendance at Annual Meetings. Board members are expected to attend the Corporation's annual meetings of stockholders, either in person or by telephone.

Board Operations

Board Materials. Prior to a meeting, the Chairman shall provide Board members with an agenda and materials related to agenda items. In the discretion of the Chairman of the Board, subjects may be discussed at the meeting without distributing written materials in advance or at the meeting.

Director Responsibilities. Directors must exercise their business judgment to act in the best interests of the stockholders and the Corporation. In discharging this obligation, directors reasonably may rely on the Corporation's senior executives and its advisors and auditors. Directors are expected to attend and participate in all meetings of the Board and to spend the time needed and prepare for and meet as frequently as necessary to discharge their responsibilities.

Board Presentations and Access to Employees. Members of senior management may be invited to attend part or all of a Board meeting in order to participate in discussions. Generally, the executive responsible for an area of the Corporation's operations the Board is to consider will make the presentation. Board members will be given complete access to all other members of management and Corporation employees upon the Board member's request.

Board Access to Independent Advisors. The Board and its committees may seek advice from the Corporation's outside advisors such as auditors and legal counsel, as appropriate.

Executive Sessions of Independent Directors. Independent directors shall regularly meet without the management Board members and may select an independent director as chair to facilitate the meeting.

Board Committees

Committees. The current Board committees are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The Board may establish additional committees as the Board may deem necessary.

Selection of Agenda Items for Committee Meetings and Notice. Prior to a meeting of a committee of the Board, the chairman of the committee or, at the request of the chairman of such committee, the Chairman of the Board shall provide committee members with an agenda and materials related to agenda items.

Assignment and Term of Service of Committee Members. The Board is responsible for the appointment of committee members and chairs, based on recommendations of the Nominating and Corporate Governance Committee and other independent directors who wish to provide input or whose input is sought. The Board will elect the members of each committee. Directors are

expected to attend and participate in all meetings of committees on which they serve and to spend the time needed and prepare for and meet as frequently as necessary to discharge their responsibilities.

Agenda, Frequency, Length and Reports of Committee Meetings. The chair of each committee will approve the agenda, length of and attendance at each committee meeting and will determine the frequency of meetings. The committee chairs will report a summary of their meeting to the Board following such committee meeting.

Membership. Only independent directors may serve on the Audit, Compensation, and Nominating and Corporate Governance Committees.¹

Responsibilities. The Board may from time to time review the responsibilities of each committee and each committee's charter.

Board and Management Evaluation

Formal Evaluation of the CEO and Other Officers. The Compensation Committee will review and approve the compensation of the Corporation's CEO and other officers who are reporting persons under Section 16 of the Securities Exchange Act of 1934 and the rules thereunder ("Officers") and the corporate goals and objectives relevant to such compensation. The Compensation Committee will also evaluate the CEO's and Officers' performance in light of such goals and objectives at least annually and communicate the results to the CEO and the Board. Based on such evaluation, the Compensation Committee will establish and approve annually for the CEO and Officers, the compensation levels for those persons, including, as applicable, (i) base salary, (ii) bonus, (iii) long-term incentive and equity compensation, and (iv) any other compensation, perquisites, and special or supplemental benefits. The CEO may not be present during discussion of his compensation, but may be present during discussion of, but may not vote on, compensation of the other executive officers.

Board Assessment. The Nominating and Corporate Governance Committee may from time to time review the functioning and effectiveness of the Board, its committees and its individual members, and to the extent the Committee deems appropriate, recommend changes to increase the effectiveness of the Board and its committees. The Nominating and Corporate Governance Committee may use evaluation interviews or other techniques it believes would be useful to evaluate Board member performance. Whenever the Board or a Board committee evaluates or discusses a member's performance, such member will be excused from the discussion. The Board, based on recommendations of the Nominating and Corporate Governance Committee and comments from each Board member, will review areas in which the Board and/or the management believe improvements could be made to increase the effectiveness of the Board and its committees.

Succession Planning. The Board, with the assistance of the Compensation Committee, shall plan for the succession to the position of CEO and certain other senior management positions in the event of the resignation, death, disability or removal of the CEO or other senior management member. To assist the Board and Compensation Committee, the CEO may periodically assess senior managers and their succession potential. In such event, the CEO will provide the Board and

¹ Nasdaq does allow for one member to be not independent if certain other requirements are met, but this is only under special circumstances.

Compensation Committee with an assessment of persons considered potential successors to certain senior management positions.

Board and Management Development. The CEO may from time to time report to the Board on the Corporation's program for management development and the Board may make recommendations to the proposed management development program.