

WORLDGATE COMMUNICATIONS, INC.

COMPENSATION COMMITTEE CHARTER

1. **Purpose.** The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of WorldGate Communications, Inc. (the “Company”) has been established for the purpose of (1) reviewing and approving, on behalf of the Board, all compensation to be provided to the executive officers of the Company and reviewing, and recommending to the Board, all compensation to be paid to the non-employee directors; and (2) supervising the administration of the Company’s incentive compensation plans (i.e., bonus and equity-based plans) and equity-based compensation awards to all employees.
2. **Structure and Membership.** The Committee shall be composed of at least two members selected by the Board. Each member of the Committee shall meet any qualifications required by the Securities and Exchange Commission and The NASDAQ Stock Market, subject in each case to any available exemptions, exceptions and transition provisions. Appointment to the Committee, including the designation of the Chair of the Committee, shall be made by the full Board. The Chair shall, if present, preside at all meetings of the Committee and exercise and perform such other powers and duties as may be assigned to him or her by the Board or the Committee.
3. **Authority.** To allow the Committee to achieve its purpose and satisfy its responsibilities, the Committee shall have the authority described in this Section 3.
 - a. **Subcommittees.** The Committee may establish subcommittees of one or more members, and delegate its authority and responsibilities to such subcommittees, when appropriate and in accordance with applicable rules and regulations, including establishing a subcommittee whose members qualify as (subject in each case to the exemptions, exceptions and transition provisions available under each such regulation): (i) “Non-Employee Directors” as defined by Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) “Outside Directors” as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended.
 - b. **Consultants and Advisors.** The Committee may engage independent, legal, accounting and other consultants and advisors, from time to time, to advise the Committee. The Committee will have the sole authority to approve the fees and other retention terms with respect to such consultants and advisors. The Company shall adequately fund the operation of the Committee, including making payments to such consultants and advisors.
 - c. **Access to Company Resources.** The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants or advisors to, the Committee. The Committee shall have full access to all books, records and facilities of the Company.
 - d. **Other Actions.** The Committee may take such other actions as the Committee deems

necessary or appropriate to satisfy its responsibilities set forth in this Charter or as otherwise delegated by the Board including the authority to request reports from internal or external sources on matters related to its authority, its duties as described in this Charter and on any subject that it deems related to its responsibilities.

4. **Meetings.** The Committee shall meet as often as it deems necessary to carry out its responsibilities. The Committee may invite members of management, consultants or other advisors to attend meetings and provide pertinent information; provided, however, the Committee may meet in executive session at its discretion. Notwithstanding the Committee's authority to invite members of Company management to attend Committee meetings, the Chief Executive Officer may not be present during the Committee's deliberations concerning his or her compensation arrangements. The Committee shall regularly update the Board regarding the Committee's activities. Minutes of all Committee meetings shall be maintained and filed with the minutes of the meetings of the Board, and the Committee shall report to the Board at each Board meeting following a meeting of the Committee as requested by the Chairman of the Board.
5. **Responsibilities.** The Committee has the following authority and responsibilities.
 - The Committee shall review, approve and recommend to the Board, and supervise, all bonus and equity-based compensation plans.
 - The Committee shall make recommendations to the Board regarding the reservation of shares available for issuance under the Company's equity-based compensation plans.
 - The Committee shall review and evaluate annually corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer and other executive officers.
 - The Committee shall determine the annual compensation arrangements (including, without limitation, salaries, bonuses, equity grants and benefits) for the Company's Chief Executive Officer and other executive officers.
 - The Committee shall evaluate the performance of the Company's Chief Executive Officer (with the recommendation of the Board) and other executive officers, as well as matters related to succession planning for the Chief Executive Officer and other executive officers.
 - The Committee shall supervise the administration of the Company's annual incentive plans, including determinations as to whether or not individual and Company performance objectives have been achieved.
 - The Committee shall have the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees and other individuals to whom the awards are to be granted, the amount of the

award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan..

- The Committee may approve any stock option award or any other type of award as may be required for complying with any tax, securities, or other regulatory requirement, or otherwise determined to be appropriate or desirable by the Committee or Board.
- The Committee shall review and discuss with management the Compensation Discussion and Analysis (“CD&A”) if required to be included in the Company’s proxy statement or annual report on Form 10-K, and based on such review and discussion, determine whether to recommend to the Board that the CD&A as prepared by management be included in the proxy statement or annual report.
- The Committee shall prepare the Compensation Committee report required to be included above the names of the members of the Committee in the proxy statement, which report shall state whether (i) the Committee reviewed and discussed with management the CD&A and (ii) based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the proxy statement or annual report.
- The Committee shall review, evaluate and recommend to the Board the compensation of non-employee directors.
- The Committee shall review and reassess at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- The Committee shall take such other action, within the scope of the foregoing, the Company’s bylaws and governing law, as the Committee or the Board shall deem appropriate.