

# Shenandoah Telecommunications Company

## Corporate Governance Guidelines

These Corporate Governance Guidelines have been developed and approved by the Nominating and Corporate Governance Committee of the Board of Directors (the “Board”) of Shenandoah Telecommunications Company (the “Company”) because the Board believes that the long-term success of the Company is dependent upon the maintenance of an ethical business environment that focuses on adherence to both the letter and spirit of regulatory and legal mandates. These Guidelines are intended to foster the highest level of ethical compliance by the Company, its officers, directors and employees.

### 1. Composition of the Board and Board Membership Criteria

The Nominating and Corporate Governance Committee shall administer the Board’s Director Nomination Process, and shall recommend individuals for membership on the Company’s Board of Directors. In making its recommendations, the Nominating and Corporate Governance Committee shall:

- Review candidates’ qualifications for membership on the Board (including a determination as to the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee; and
- Evaluate current directors for re-nomination to the Board; and
- Periodically review the composition of the Board in light of the current challenges and needs of the Board.

### 2. Director Qualifications

#### Independence

A majority of the Board shall be comprised of directors meeting the independence requirements of the NASDAQ Stock Market (“NASDAQ”). The Board shall make an affirmative determination at least annually as to the independence of each director.

#### Retirement Age

Directors are required to retire from the Board at the end of the term during which they attain the age of 72.

#### Term Limits

Although the Board has determined that term limits for its members are not necessary, the Board shall periodically review the appropriateness of director term limits in

connection with its procedures for the selection and nomination of directors to ensure the presence of diverse viewpoints and ideas on the Board.

#### Simultaneous Service on Other Boards or Advisory Groups

It is the policy of the Board that every director must notify the Chairman of the Nominating and Corporate Governance Committee or the Chief Executive Officer prior to accepting any invitation to serve on another for-profit corporate board or with a government or advisory group. The Nominating and Corporate Governance Committee shall evaluate the continued appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to continued Board membership.

#### Changes in Primary Employment

It is the policy of the Board that every director must notify the Chairman of the Nominating and Corporate Governance Committee or the Chief Executive Officer of his or her retirement, any change in employer and any other significant change in professional roles and responsibilities. The Nominating and Corporate Governance Committee shall evaluate the continued appropriateness of Board membership under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to continued Board membership.

#### Conflicts of Interest

If an actual or potential conflict of interest develops because of a change in the business of the Company or a subsidiary, or in a director's circumstances (for example, competition between the Company and a business with which the director is affiliated), the director should report the matter immediately to the Chairman of the Nominating and Corporate Governance Committee or the Chief Executive Officer for evaluation and appropriate resolution by the Nominating and Corporate Governance Committee.

If a director has a personal interest, including but not limited to a pecuniary interest, in a matter before the Board, the director shall disclose the interest to the full Board, shall recuse himself or herself from participation in the discussion, and shall not vote on the matter.

### **3. Stock Ownership Guidelines**

It is the policy of the Board that every Director and Executive Officer of the Company should own shares of the Company's stock. The Board has adopted Stock Ownership Guidelines with which each director and officer is expected to comply.

#### **4. Director Responsibilities**

The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. In fulfilling these roles, each director must act in what he or she reasonably believes to be in the best interests of the Company and must exercise his or her business judgment.

##### Participation at and Preparation for Board Meetings

The Company expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business of the Company. Directors are expected to attend Board meetings and the meetings of the committees on which they serve and to prepare themselves for these meetings.

In order for the Board to exercise fully its oversight functions, management provides the Board with access to information regarding the Company and the markets in which the Company operates. The information comes from a variety of sources, including management reports, security analysts' reports, information regarding peer performance and interaction with senior management at Board and Committee meetings. Any written or electronic materials which would assist directors in preparing for a Board or committee meeting shall be distributed to the directors in advance of the meeting, to the extent possible, and the directors are expected to review such materials prior to the meeting.

#### **5. Meetings of Independent Directors**

The Company's independent directors shall regularly schedule executive sessions in which the non-independent directors and management do not participate. There shall be at least, but not limited to, two such meetings per calendar year.

#### **6. Board Size**

The By-Laws of the Company provide that the size of the Board shall be nine (9) members. Although the Board considers its present size to be appropriate, it may consider expanding or reducing its size if the Board determines a change is appropriate. The Nominating and Corporate Governance Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

#### **7. Chairman of the Board and Chief Executive Officer**

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman of the Board and the Chief Executive Officer in any way that is in the best interests of the Company at a given point in time. The Board may make a determination as to the appropriateness of its current policies in connection with the

recruitment and succession of the Chairman of the Board and/or the Chief Executive Officer.

## **8. Board Committees**

The Board shall have at all times at least an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Membership of each committee will comply with the independence requirements of NASDAQ. Committee members shall be appointed by the Board based upon the recommendation of the Nominating and Corporate Governance Committee. The Board may, from time to time, establish or maintain additional committees, as it deems appropriate and in the best interests of the Company.

In making its recommendation for committee appointments, the Nominating and Corporate Governance Committee shall:

- Review candidates' qualifications for membership on the committee (including a determination as to the independence of the candidate) based on the criteria established by the Nominating and Corporate Governance Committee; and
- Evaluate current directors for re-appointment to a committee; and
- Periodically review the composition of the committees in light of the current challenges and needs of the committee.

While the rotation of the committee members at certain set intervals should be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time. Additionally, certain committees may benefit from the particular experience and expertise of one or more members.

Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee shall operate pursuant to its own written charter. These charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and committee structure and operations, as well as reporting to the Board. The charters shall also provide for an annual evaluation of each committee's performance.

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

The Board and its committees shall have access to the management of the Company and to its outside counsel, auditors and advisors.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. The Board encourages senior management to make presentations and to invite to Board meetings managers and other employees

who can provide additional insight into the items being discussed.

The Board and each of its committees is authorized to hire independent legal, financial or other advisors as they may consider necessary, without conferring with or obtaining the approval of management or, in the case of committees, the full Board. However, the Board and each of its committees will notify management when doing so.

## **10. Director Compensation**

The Compensation Committee shall review and recommend to the Board for approval compensation (including restricted stock grants and other equity-based compensation) for the Company's directors.

## **11. Director Orientation and Continuing Education**

All new members of the Board and new members of committees are encouraged to participate in the Company's orientation program for directors. Such orientation program shall be developed and overseen by the Nominating and Corporate Governance Committee. Other directors may also attend the orientation program.

All directors will be offered, and are encouraged to participate in, educational opportunities, conferences and seminars in order to stay current and knowledgeable about the business of the Company and the industries in which it operates.

## **12. Bylaws**

The Board and the Nominating and Corporate Governance Committee share the responsibility of insuring that the Company bylaws are appropriate for the proper operation of the Company. Additionally, the General Counsel shall be responsible for insuring that the Company bylaws are in compliance with all laws and regulations and will keep the Board and the Nominating and Corporate Governance Committee updated on said compliance. The Board has delegated responsibility to the Nominating and Corporate Governance Committee to review and advise on bylaw issues including any recommendation to the Board that the bylaws be amended.

## **13. Succession Planning**

The Board and the Compensation Committee share the responsibilities for succession planning. The board has delegated responsibility to the Compensation Committee to review and advise on management succession issues including the recommendation to the Board for selection of a new President and Chief Executive Officer.

## **14. Trading in Company Stock**

All Directors and Officers of the Company shall contact the President of the Company or the General Counsel prior to buying or selling Company stock to insure that the

appropriate trading windows are open and said trades are in compliance with all applicable securities laws.

#### **15. Annual Performance Evaluation**

The Board, led by the Nominating and Corporate Governance Committee, shall establish and conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. This process shall also include annual self-assessments by each Board committee with performance criteria for each committee established on the basis of its charter as well as annual performance evaluations of the directors at the direction of the Nominating and Corporate Governance Committee.

#### **16. Shareholder Communications**

The Nominating and Corporate Governance Committee shall establish procedures for communications by shareholders to the Company's directors and oversee public disclosure concerning such procedures and whether material actions need to be taken as a result of shareholder communications. The Committee shall review and make recommendations regarding shareholder proposals that relate to corporate governance matters.

#### **17. Compliance with Code of Business Conduct and Ethics**

The Nominating and Corporate Governance Committee shall receive periodic reports with respect to compliance with the Company's Code of Business Conduct and Ethics, and shall act upon any request by executive officers for waivers under the Code of Business Conduct and Ethics. The Committee shall periodically review and assess the adequacy of the Code of Business Conduct and Ethics and shall make recommendations to the Board regarding any desirable revisions. In addition, the Board of Directors and director level employees and above shall execute an annual Certification of Compliance with the Company's Code of Business Conduct and Ethics as well as its Insider Trading Policy.

#### **18. Regulatory Compliance**

It is the policy of the Board to make every effort to comply with current and future SEC or NASDAQ rules and regulations which apply to the Company.

#### **19. Periodic Review**

These principles shall be reviewed by the Nominating and Corporate Governance Committee from time to time but not less than annually.