

## Corporate Governance Principles

(As adopted by the Board of Directors on July 21, 2005)

The Board of Directors (the "Board") of Consolidated Communications Holdings, Inc. (the "Company") is governed by the following general principles:

1. The Board's paramount duty is to oversee the CEO and other senior management in the competent and ethical management of the Company as they endeavor to develop and execute its strategy and to carry out its operations on a day-to-day basis. The selection, compensation and evaluation of a well-qualified and ethical CEO is the single most important function of the Board.
2. Open communication between the Board and management is crucial to the Company's long-term success. Management is responsible for creating, developing and implementing the strategy of the Company. The Board is responsible for reviewing the strategy and guiding its implementation in the context of the overall scope of the business and the interests of its stockholders. Management is responsible for operating the Company in an effective and ethical manner in order to produce long-term value for stockholders. Senior management and the Board are expected to know how the Company earns its income and what risks the Company is undertaking in the course of carrying out its business. Neither management's nor the Board's personal interests should be placed ahead of, or in conflict with, the interests of the Company.
3. Management is responsible, under the oversight of the Board and its Audit Committee, for producing financial statements that fairly present the financial condition and results of operations of the Company, and for making the timely, understandable and complete disclosures that stockholders and prospective investors need to permit them to assess the financial and business soundness and risks of the Company.
4. The Company is responsible for dealing (i) with its employees in a fair and equitable manner; (ii) with the communities in which it operates with good citizenship; and (iii) with government in accordance with, and a commitment to, all applicable laws, rules and regulations.

Based on the preceding principles, the Board of Directors of the Company has adopted the following corporate governance principles:

### I. The Board of Directors' Responsibilities and Duties

In addition to its general responsibility to oversee management, the Board is also responsible for performing a number of specific functions. It is the Board's duty to:

1. Appoint the President and CEO;
2. Appoint the officers of the Company;
3. Review, approve and monitor fundamental financial and business strategies and major corporate actions;
4. Approve operating and capital budgets at the commencement of each financial year and monitor progress on a quarterly basis against budget by financial key performance indicators;
5. Monitor and oversee the Company's financial position;
6. Evaluate the performance of, and set the compensation for, the President and CEO and senior management executives through its Compensation Committee;
7. Ensure that the Company's policies and compliance systems in place are consistent with the business objectives of the Company and the principle that the Company, its officers and directors act legally, ethically and responsibly;
8. Participate in board meetings, review relevant materials in advance of meetings, serve on board Committees and prepare for meetings and for discussions with management;
9. Spend the time needed, and meet as frequently as necessary, to properly discharge their responsibilities; and
10. Understand the Company's business, industry and primary risks.

### II. Board Composition and Compensation

1. The Board is currently composed of the Chairman, the President and CEO, and [3] non-executive directors. The Board believes that its current size of [5] members is an appropriate size for a working board because it is large enough to represent broad interests but small enough to maintain close working relationships and collegiality. Changes to the size of the Board shall be recommended by the Governance Committee and approved by the full Board.
2. Board Selection.
  - a. The Board is responsible for nominating directors. In nominating directors, the Board, with the assistance of the

Governance Committee, will take into account a variety of factors it considers appropriate, which may include strength of character and leadership skills; general business acumen and experience; broad knowledge of the telecommunications industry; knowledge of strategy, finance, relations between telecommunications companies and government, internal business, etc.; age; number of other board seats; and willingness to commit the necessary time to ensure an active board whose members work well together and possess the collective knowledge and expertise required by the Board. Selection shall be made in the context of an assessment of the perceived needs of the Board at the point in time the selection is being made.

- b. The Governance Committee considers and establishes procedures regarding recommendations for nomination to the Board of Directors, including nominations submitted by stockholders. Recommendations of stockholders should be sent to the Company, to the attention of the Corporate Secretary. Any recommendations submitted to the Corporate Secretary should be in writing and should include whatever supporting material the stockholder considers appropriate in support of that recommendation, but must include the information that would be required under the rules of the SEC in a proxy statement soliciting proxies for the election of such candidate and a signed consent of the candidate to serve as a director of the Company, if elected. The Governance Committee will evaluate all potential candidates in the same manner, regardless of the source of the recommendation. Based on the information provided to the Governance Committee, it will make an initial determination whether to conduct a full evaluation of a candidate. As part of the full evaluation process, the Governance Committee may conduct interviews, obtain additional background information and conduct reference checks of the candidate, among other things. The Governance Committee may also ask the candidate to meet with management and other members of the Board.
3. The following are the criteria for remaining a director:
- a. All non-executive directors are expected voluntarily to review and assess their own membership of the Board from time to time and, particularly, before standing for re-election, taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and business. In addition, the Governance Committee will adopt a formal process for evaluating on an annual basis the effectiveness of the Board and each of its Committees and determining opportunities for their improvement. The sole purpose of this evaluation is to increase the effectiveness of the Board.
  - b. Non-executive directors who change the responsibility or position they held when they were elected to the Board should submit a letter of resignation to the Board. Such letter may be accepted or rejected by the Governance Committee.
  - c. Individual executive directors should submit a letter of resignation to retire from the Board on the relinquishment of their executive position with the Company. Such letter may be accepted or rejected by the Governance Committee.
  - d. Because of the importance of knowledge of the Company and of continuity, the Board does not believe that in every instance the directors who retire or change from the responsibility or position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board to review the continued appropriateness of Board membership under these circumstances.
  - e. The Board has not adopted term limits. While term limits may ensure fresh ideas and viewpoints, they result in the loss of the contribution of directors who have been able to develop, over a period of time, insight into the Company, the continuity of its strategy and its operations, culture and management and a working relationship with other directors.
  - f. The Board will review each director's continuation on the Board every year, which will also allow each director to confirm his/her desire to continue as a member.
  - g. Absent special circumstances, each director is expected to attend the annual meeting of stockholders.
4. The Board's compensation will be determined annually following the annual meeting of stockholders. The compensation of directors should fairly reward them for their efforts on behalf of the Company and should be structured to align their interests with the long-term interests of the Company's stockholders. **[Board members have the right to elect to receive their cash compensation in Company Class A common stock and the Board strongly encourages all of its members who do not need the cash compensation to make this election.]** The Board may seek outside expertise to determine the appropriateness and competitiveness of its compensation in addition to receiving input from the Corporate Governance Committee.

### III. Committees of the Board

The Board has established the following Committees to assist it in discharging its responsibilities: (i) Audit; (ii) Compensation; and (iii) Governance. The current charters of the Audit, Compensation and Governance Committees are published on the Company's website, and will be mailed to stockholders upon written request. The Committee chairs report the highlights of their meetings to the full Board following each meeting of the respective Committees. The Committees occasionally hold meetings in conjunction with the full Board. The Audit Committee is comprised solely of independent directors in accordance with all applicable regulatory and stock exchange requirements.

### IV. The Relationship of the Board to Management

1. To enhance open communication between the Board and management, the Board's policy is to periodically invite senior executives of the Company to attend Board meetings. The Board does not expect all senior executives to attend on a regular basis.
2. From time to time, the Board, each of its Committees and the Company may engage outside advisors to provide advice on specific issues. These advisors may also be invited to attend Board meetings. The Company's Secretary and auditor have open invitations to attend Board meetings.
3. The Board will meet in executive session regularly. The non-management directors will also have at least four regularly scheduled meetings a year without management present.
4. Board members will have complete access to the Company's management, and Board members will exercise judgment to ensure that contact with management is not distracting to the business operation of the Company. The Board and each of its Committees shall have the right at any time to retain outside financial, legal or other advisors.

## **V. Management and Succession**

The Board will review annually with the CEO management succession planning and development. There should also be available, on a continuing basis, the CEO's recommendation as to his successor should he be unexpectedly disabled.

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

1. The Company will provide new directors with materials and briefings to permit them to become familiar with the Company's business, industry and corporate governance practices. The Company will also provide, as appropriate, additional educational opportunities to directors on an ongoing basis to better enable them to perform their duties.
2. Directors are expected to attend training and/or education programs to the extent they would help them better understand the operations of the Company, the industry in which the Company operates and corporate governance "best practices." The Company will reimburse its board members for the costs associated with such training and education.

## **VII. Communicating with the Board**

Stockholders interested in communicating directly with the Board or the independent directors, in each case as a group, may do so by writing to the Corporate Secretary, Consolidated Communications Holdings, Inc., 121 South 17th Street, Mattoon, Illinois 61938-3987. The Corporate Secretary will review all such correspondence and forward to the Board or the independent directors a summary of that correspondence and copies of any correspondence that, in his opinion, deals with the functions of the Board or that he otherwise determines requires their attention. Any director or any independent director may at any time review a log of all correspondence received by the Company that is addressed to members of the Board or independent directors and request copies of any such correspondence. Any concerns relating to accounting, internal controls or auditing matters will be brought to the attention of the Audit Committee and handled in accordance with the procedures established by our Audit Committee with respect to such matters.