

tw telecom inc.

**GUIDELINES FOR
DIRECTORS**

I. INTRODUCTION

These guidelines are intended to assist the Corporation's Directors¹ in the performance of their duties, by providing a convenient summary of the applicable standards in a number of areas that are commonly confronted by directors of public companies, including conflicts of interest, corporate opportunities, confidentiality, fair dealing with third parties, securities trading, and certain other areas. In some cases, the standards set forth below are derived from applicable laws or the NASDAQ listing standards; in others, they are based on the Corporation's Code of Conduct applicable to corporate employees.

Three principles apply to each of the areas discussed below. First, in order to assist the Board in complying with applicable laws and regulations, the General Counsel and the Chairman and Chief Executive Officer, will apprise the Board on an on-going basis about significant regulatory changes affecting the Directors' responsibilities. Second, if Directors have questions about these guidelines, or concerns about a potential violation of these guidelines, they should contact the Chairman and Chief Executive Officer, or the General Counsel. Third, these guidelines are not intended to be an exhaustive description of the rules that apply to Directors, but are intended to provide guidance in key areas. For example, Directors and their immediate family members and affiliated entities are separately subject to the Corporation's Policy Statement Regarding Transactions with Related Parties, and Statements of Procedures and Guidelines Governing Insider Trading and Tipping.

II. GENERAL FIDUCIARY DUTIES

Under Delaware law, Directors are subject to the fiduciary duties of care, loyalty, and candor.

The *duty of care* requires Directors to exercise the level of care that a person of ordinary prudence would exercise under similar circumstances and act on an informed basis after due consideration of the relevant information that is reasonably available. In general, in discharging their duty of care, Directors are entitled to rely on management and outside advisors acting within their areas of expertise.

The *duty of loyalty* requires that Directors act in good faith with the honest belief that their actions are in the Corporation's best interest and not in a manner that involves self-dealing or a conflict of interest.

The *duty of candor* requires that Directors disclose all non-public information within the Director's knowledge that would be material to Board action. If a Director has such material non-public information but is unable to disclose it to the Board (for example, because of a competing duty of loyalty to another company or because the Director is bound by a non-disclosure agreement), then the Director should abstain from participating in discussion and voting on the matter.

¹ Employee Directors of the Corporation are also covered by the Corporation's Code of Conduct and Integrity & Ethics Council Compliance Program.

III. STANDARDS OF CONDUCT IN KEY AREAS

A. CONFLICTS OF INTEREST.

Directors should refrain from taking actions that create, either in fact or in appearance, a situation in which the Director's private interests conflict or interfere with the interests of the Corporation.

Generally, Directors should not engage in, or serve as a director or officer of, a business that competes with the Corporation in a material manner. (In addition to these obligations arising out of fiduciary duties, the Clayton Act prohibits, as a matter of federal antitrust law, Directors from serving as officers or directors of competing corporations in certain circumstances.)

Directors may have a financial interest in competing businesses. The permissibility of such investments will depend on the circumstances. Generally, investments through mutual funds and portfolio investments (such as limited partnership interests in venture capital funds and similar investment vehicles through which the Director does not influence decisions as to which securities are held) are permissible. Also, in general, personal investments in securities of competitors are permissible as long as the size of the investment is modest enough in relation to the Director's personal circumstances so as not to raise questions about conflicting interests. The Corporation's Policy Statement Regarding Transactions with Related Parties also provides guidelines and procedures with respect to certain types of transactions, arrangements and relationships in which Directors may have a material interest and which, in some cases, may create a conflict of interest.

If a Director has a financial or other interest in a transaction to be considered by the Board, (or by the Audit Committee pursuant to the Corporation's Policy Statement Regarding Transactions with Related Parties) the Director should disclose that interest to the Chairman and Chief Executive Officer, or to the General Counsel, and abstain from both participating in discussing and voting on the matter. If a Director has a sufficient number of such conflicting interests, it may require the Director to abstain frequently from voting on matters, which could impair the Director's ability to serve on the Board.

B. CORPORATE OPPORTUNITIES.

Directors may from time to time be offered a business opportunity that conflicts with the duty of loyalty to the Corporation. Directors may not appropriate for themselves an opportunity that rightfully belongs to the Corporation. Determining whether an opportunity rightfully belongs to the Corporation depends on a number of facts and circumstances, including: the link between the Corporation's business and the opportunity; the Corporation's interest in, or expectation of, the opportunity; the Corporation's financial ability to exploit the opportunity; whether the opportunity was presented to the Director in a personal or corporate capacity; and whether the Director is competing against the

Corporation. If the Director advises the Corporation fully about such an opportunity, and the Corporation determines not to pursue such opportunity, the Director may pursue the opportunity for his or her personal benefit, subject to there being no conflict with any other aspect of the Director's duty of loyalty to the Corporation.

C. CONFIDENTIALITY.

Directors must maintain the confidentiality of information entrusted to them by the Corporation or its customers.

D. FAIR AND ETHICAL DEALING WITH THIRD PARTIES AND EMPLOYEES.

Consistent with the Corporation's Code of Conduct, Directors (i) should endeavor to deal fairly with the Corporation's customers, service providers, suppliers, competitors, and employees; and (ii) should not take unfair advantage of anyone through manipulations, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

1. *Work Environment.* Federal, state, and certain applicable local laws collectively prohibit discrimination and harassment in the workplace based on race, color, national origin, religion, sex, disability, and sexual orientation. With particular reference to sexual harassment, the law prohibits unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature that is made a term or condition of employment, is used as the basis of employment or advancement decisions, or has the purpose or effect of unreasonably interfering with work or creating an intimidating, hostile or offensive work environment. If a Director has a concern about such conduct, he or she should contact the General Counsel or the Chairman and Chief Executive Officer.

2. *Antitrust.* Antitrust laws are generally designed to prohibit unreasonable restriction on competition. Certain types of "horizontal" agreements between the Corporation and its competitors are almost always illegal: setting prices, allocating markets or customers, and boycotting. Other types of "vertical" agreements between the Corporation and its suppliers or customers are presumptively illegal, such as fixing minimum resale prices. Finally, it is illegal for a company to use unfair means to acquire monopoly power or to abuse monopoly power to limit competition. Thus, Directors should execute their responsibilities on the Board in a manner that provides for vigorous and fair competition against competitors, and reasonable treatment of suppliers and customers.

In addition to these rules governing conduct, as noted above, federal antitrust law also prohibits Directors from serving as officers or directors of certain competing corporations.

3. *Gifts.* Accepting gifts from, or giving gifts to, third parties in connection with the performance of a Director's duties is permissible only when a Director does not ask for a gift and the gift does not influence, or have the appearance of influencing, objectivity or decision-making. To be safe, gifts should never be in cash and should be limited to those that are reasonable and customary in the business context.

4. Political Contributions. Directors are free to use their own time and resources to engage in political activities, including supporting candidates for public office. It is not permissible, however, for Directors to use Corporate resources or coercive solicitations to further their own personal political activities. Directors should address requests or questions regarding political contributions by the Corporation or its Political Action Committee to the General Counsel.

5. Foreign Corrupt Practices Act. There are a number of federal and state laws prohibiting bribery, including the Foreign Corrupt Practices Act, which prohibits bribery of foreign government officials and imposes accounting and record-keeping requirements. A Director should consult with the General Counsel prior to providing any gift or making any direct or indirect payment to a government official (including paying for travel, lodging, entertainment, etc.) in connection with the performance of a Director's duties on behalf of the Corporation.

E. PROTECTIONS AND PROPER USE OF CORPORATE ASSETS.

Directors should seek to protect the Corporation's assets and ensure their efficient use for legitimate business purposes. In accordance with Section 402 of the SarbanesOxley Act of 2002, the Corporation shall not make or arrange a personal loan to non-employee Directors.

F. SECURITIES TRADING.

Federal, state, and local securities laws prohibit anyone, including directors, who have material non-public information gained in the course of service to his or her company, from *trading* in the securities of their company. Similarly, these laws prohibit individuals from *disclosing* such material non-public information to others who trade in securities. To help assure compliance with these laws, the following standards apply to the Corporation's Directors:

1. General prohibition on trading and disclosure. If any current or former Director has material, non-public information relating to the Corporation or any of its subsidiaries, neither the Director nor any person who shares the Director's household may buy, sell, or otherwise transfer (such as making gifts of) the Corporation's securities, or take any other action to take advantage of, or disclose that information to others.

These restrictions apply to all **tw telecom** securities, including common stock, convertible securities, and debt instruments. They also apply to transactions through the Corporation's benefit and retirement plans. Material information is generally any information that a reasonable investor would consider important in a decision to buy, hold, or sell securities – in short, any information that could reasonably affect the price of the securities. Determining whether information is material, however, often requires a difficult case-by-case factual inquiry, and thus a Director should consult with the General Counsel if a Director has any question on materiality.

2. *Supplemental Policies.* The Corporation has adopted Statements of Procedures and Guidelines Governing Insider Trading and Tipping regarding trading in the Corporation's securities, including the establishment of trading "windows" in which trading in the Corporation's securities is permitted. Upon becoming a Director for the Corporation, the Corporation provided Directors with a copy of the policy.

3. *Reporting and Other Obligations.* If a Director has a question about whether a particular transaction is permissible under these standards, or if a Director is aware of a potential insider trading violation, he or she should contact the General Counsel. Press inquiries should be referred to the Corporate Communications Department and analyst inquiries to the Investor Relations Department.

Further, under Section 16 of the Securities Exchange Act of 1934, most transactions by Directors in the Corporation's equity securities must be reported electronically to the Securities and Exchange Commission within two business days and may be subject to forfeiture of profits if they occur within a six-month period. The Legal Department has implemented procedures related to advance notification by Directors of any transactions in the Corporation's securities, so that it can assist Directors in complying with obligations under these regulations. Finally, Directors' sales of the Corporation's securities must also comply with Rule 144 under the Securities Act of 1933.

G. COMPLIANCE ENVIRONMENT.

Directors, like the Corporation's employees, should not only promote the Corporation's compliance with laws, rules, and regulations, but also encourage ethical behavior at the Corporation. Through their conduct, Directors should encourage employees to raise legitimate questions regarding, or report potential violations of, the laws, regulations, and other applicable codes of conduct.

IV. INDEPENDENCE

Even if actions taken by a non-employee Director do not raise a concern under the general fiduciary duties and standards of conduct described above, they may affect the individual's status as an "independent" Director under the criteria set forth in NASDAQ standards. Accordingly, non-employee Directors should generally refrain from conduct that could impair their independence under those criteria.

V. PROCESSES

A. ONGOING OBLIGATIONS.

Each Director has primary responsibility for fulfilling his or her fiduciary duties to the Corporation, complying with the foregoing standards of conduct, and maintaining his or her independence under the criteria established by the Board.

If a Director has a question or concerns about one of these matters, the Director should promptly bring the issue to the attention of the Chairman and Chief Executive Officer or the General Counsel. These officers may consult with other officers and advisors, and the Nominating and Governance Committee in determining how best to address a potential conflict of interest.

B. ANNUAL ASSESSMENT.

In addition to the ongoing obligation to inform the Chairman and Chief Executive Officer or the General Counsel regarding questions or concerns, as part of the process of recommending individuals for election to the Board, the Nominating and Governance Committee assesses the qualifications of incumbent Directors on an annual basis, including their compliance with applicable standards of conduct and independence. In conjunction with that review, the Corporation's Legal Department sends an annual questionnaire to Directors that includes questions regarding these matters. Based upon the responses to that questionnaire TWTC's Legal Department provides a report annually on Director independence and qualifications to the Nominating and Governance Committee.

C. WAIVERS.

Any waiver of these guidelines must be approved by the Nominating and Governance Committee. The Corporation will promptly disclose any waiver of these guidelines.

VI. REVIEW

As noted in the Introduction, the General Counsel will inform the Nominating and Governance Committee regarding legal and regulatory changes that affect the obligations of Directors. The Nominating and Governance Committee shall review these guidelines no less than annually and recommend any changes to the Board of Directors for its approval.