

# **Lumos Networks Corp.**

## **Common Stock Ownership and Retention Guidelines for Directors and Officers**

The Board of Directors (the “Board”) of Lumos Networks Corp. (“Lumos” or the “Company”) believes that the Company’s non-employee directors (the “Directors”) and the Company’s officers (the “Officers”) should own and hold common stock of the Company (“Common Stock”) to emphasize the link between the Directors and Officers and the long-term interests of stockholders and to communicate to investors, market analysts and the public that the Directors and the Officers are tied directly to the long-term success of Lumos Networks through personal capital investment in Company stock. Therefore, the Board has adopted these Stock Ownership and Retention Guidelines effective November 1, 2011.

1. **Oversight.** The Compensation Committee (the “Committee”) will be responsible for monitoring compliance with these stock ownership guidelines.
2. **Ownership and Retention Guideline for Directors.**
  - A. **Director Stock Ownership Guideline.**
    1. The Directors are expected to acquire and hold during their service as Lumos Board members shares of Lumos Common Stock having a “fair market value” equal to or exceeding 3 times the annual cash retainer for Directors.
    2. “Fair market value” as of any measurement date is calculated as the average of the closing Common Stock price on NASDAQ for the trading days in the 30-calendar-day period immediately prior to such date.
  - B. **Time Period.**

Directors are required to comply with this guideline within 3 years of the date hereof, or if later, the date of his or her initial election to the Board, and he or she is expected to continuously own sufficient shares to meet the guideline once attained.
  - C. **Stock Retention Guideline.**

Until such time as a Director reaches his or her share ownership guideline, the Director will be required to hold 100% of the shares of Common Stock received upon lapse of the restrictions upon restricted stock and upon exercise of stock options (net of any shares utilized to pay for tax withholding and the exercise price of the option).

3. **Officer Stock Ownership and Retention Guideline.**

A. **Stock ownership guideline for Officers.**

1. The CEO is expected to acquire and hold during his or her service shares of Lumos Common Stock having a fair market value equal to or exceeding 5 times his or her base salary.
2. Executive Officers, other than the CEO, are expected to acquire and hold during his or her service shares of Lumos Common Stock having a fair market value equal to or exceeding 3 times his or her base salary.
3. Senior Vice Presidents are expected to acquire and hold during his or her service shares of Lumos Common Stock having a fair market value equal to or exceeding 2 times his or her base salary.
4. Vice Presidents are expected to acquire and hold during his or her service shares of Lumos Common Stock having a fair market value equal to or exceeding 1 times his or her base salary.
5. "Fair market value" as of any measurement date is calculated as the average of the closing Company Common Stock price on NASDAQ for the trading days in the 30-calendar-day period immediately prior to such date.

B. **Time Period.**

1. The CEO is required to comply with this guideline within 3 years of the date hereof, or if later, the date that he or she takes the CEO position, and he or she is expected to continuously own sufficient shares to meet the guideline once attained.
2. Executive Officers, other than the CEO, are required to comply with this guideline within 3 years of the date hereof, or if later, the date that he or she takes an Executive Officer position, and he or she is expected to continuously own sufficient shares to meet the guideline once attained.
3. Senior Vice Presidents are required to comply with this guideline within 3 years of the date hereof, or if later, the date that he or she takes a Senior Vice President position, and he or she is expected to continuously own sufficient shares to meet the guideline once attained.
4. Vice Presidents are required to comply with this guideline within 3 years of the date hereof, or if later, the date that he or she takes a Vice President position, and he or she is expected to continuously own sufficient shares to meet the guideline once attained.

C. **Stock Retention Guideline.**

Until such time as the Officer reaches his or her share ownership guideline, the Officer will be required to hold 100% of the shares of Common Stock received upon lapse of the restrictions upon restricted stock and upon exercise of stock options (net of any shares utilized to pay for tax withholding and the exercise price of the option).

4. **Stock Ownership**

- A. **Shares that count toward meeting the stock ownership guidelines:**
- Shares owned (*e.g.*, shares obtained upon vesting of restricted stock, shares obtained upon option exercise, shares purchased in the open market, shares held in the Company's defined contribution plan, etc.)
  - Shared ownership (*e.g.*, shares owned or held in trust by immediate family)
  - Unvested restricted stock
  - "In the money" value of unexercised stock options

5. **Exceptions.**

These guidelines may be modified or waived for Directors or the Officers at the discretion of the Committee, if compliance would create a severe hardship. The Committee will make the final determination as to developing an alternative stock ownership guideline for a Director or an Officer that reflects the intention of these guidelines and his or her personal circumstances. It is expected that these instances will be rare.

6. **Review.**

The Committee shall review these guidelines periodically and, if changes are deemed appropriate, shall submit such recommended changes to the Board for consideration and approval.