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## VALUE SYSTEM

### Policy

We are committed to the behaviors identified in our Value System:

*We will individually and as a Team:*

Work cooperatively, delivering what we said we would;

Be honest and truthful, showing respect for others;

Be easy to do business with, internally and externally;

Serve our customers and communities with passion and commitment;

Have Fun!

### Comments

**Focus on the Customer:** Delivering what we said we would and being easy to do business with is fundamental at Grande. We must seek to understand customer needs, meet customer requirements, and exceed customer expectations. Achieving a superior customer life cycle is at the center of everything we do.

**Measure and Lead with Data:** We identify, track and measure our key performance indicators. We use data in our decision-making processes to identify opportunities for improvement, establish priorities, and develop and implement action plans. We are relentless in using data to improve and achieve sustainable results.

**Continuous Improvement:** Our customers and communities demand and deserve our passion and commitment. We continuously measure and improve our processes and product offerings. We relentlessly search out, apply and share best-demonstrated practices from internal and external sources.

**Quality Management System:** Each organization within Grande Communications manages its processes with a documented, integrated quality management system. We use process management to focus on the customer, measure and manage with data and pursue continuous improvement. We use management systems to leverage the scale of our organization while encouraging entrepreneurial thinking.

### Your Responsibilities

- **Participate** in Grande Communications' development of a Value System-based culture valuing leadership, teamwork, and open communication.
- **Suggest improvements** for Grande Communications' products, services, and processes.

**Please consult** with your supervisor if you have any questions.

## CORPORATE COMPLIANCE POLICY

Dear Colleague:

We have built relationships consistent with our Value System, with regard to our employees, vendors, customers and stakeholders throughout our company's history. In fact, much of our success can be directly attributed to two key elements: our employees and our shared commitment to the behaviors defined by our Value System. They are both vital to our continued success.

Meeting competitive challenges and embracing opportunities, places tremendous pressure on employees at every level of our company. Our business, which demands strict adherence to rules and laws, is made more complex by our desire to continue providing customers with ever-increasing levels of quality and performance. However, this pressure to succeed can never be an excuse for taking short cuts that would compromise our integrity.

I am personally committed to ensuring that Grande Communications as a company and all of us as employees act in ways that are firmly rooted in our Value System. This Guidebook provides the tools necessary to help us do the right thing when presented with difficult choices. Each employee, regardless of level or duty, is responsible for compliance with this Guidebook in his or her daily activities and for seeking help when the proper course of action is unclear.

All supervisory employees have a special responsibility to assure ethical and lawful conduct by conducting themselves and managing their departments to the highest standards of integrity and honesty. Supervisors should regularly review this Guidebook with employees under their supervision. Supervisors also must maintain a workplace environment free of the fear of reprisal, one that encourages frank and open communications concerning Grande Communications' expectation of ethical and lawful conduct.

This Guidebook does not attempt to address every situation or answer every question. In order to promote Grande Communications' commitment to the highest legal and ethical standards we must establish a culture that promotes legal and ethical behavior. Grande Communications has adopted policies specific to certain issues, which can be found on our intranet and because they contain more detail, their guidance is controlling.

Actions contrary to those defined in this Guidebook are by definition harmful to our Company and its reputation. Violations, even once, will result in disciplinary action up to and including dismissal. I personally assure you that if you are aware of violations of the Corporate Compliance Policy, you will not suffer reprisals of any kind for reporting those violations in good faith. This is my commitment to you, and it has the full backing of our Board of Directors and senior leadership team.

Sincerely,

Roy H. Chestnutt  
Chief Executive Officer  
Grande Communications

## **INTRODUCTION**

This Guidebook reflects our commitment to Grande's Value System and high standards of legal and ethical business conduct. This Policy is intended to serve as a guideline that will assist our employees in living the Value System and making ethical and lawful decisions in the conduct of our business. While it is only a guideline to conducting our business, and in most cases does not reflect any specific law or regulation, our Value System is an important part of our business and who Grande is as a company. We expect our employees to consistently demonstrate the behaviors outlined in the Value System. Significant failures in doing so will be considered in making promotion, bonus compensation, salary increases and even retention/dismissal decisions.

We expect you to maintain your familiarity with and understanding of the principles outlined in this Guidebook. If you have questions, please do not hesitate to consult with a member of the Corporate Compliance Committee.

## COMMITMENT TO EMPLOYEES

Grande Communications promises to work cooperatively delivering what we said we would.

### ADDRESSING INTEGRITY CONCERNS—WHISTLEBLOWING

Questions and concerns about whether various situations are handled ethically and legally may, and sometimes do, arise. Open discussion of issues and good faith concerns by all employees without any fear of retribution or retaliation is essential to the effectiveness of our corporate compliance initiatives.

It is always a good idea to raise questions when you have doubts about whether an action or situation may be improper. All employees have the responsibility for not only engaging in appropriate business conduct, but also for reporting any activity which they, in good faith, believe may be a violation of (1) any applicable local, state and federal laws, rules or regulations, and (2) the Corporate Compliance Policy or Employee Relations Policies. The Company has an absolute policy against any retribution or retaliation for bringing forth a good faith concern. Any person who violates this policy will be subject to disciplinary action, up to and including termination of employment.

This whistle blowing policy is intended to cover protections for you if you raise concerns about inappropriate conduct or activity, such as concerns regarding:

- Incorrect financial reporting;
- Unlawful activity;
- Activities that are not in line with Company policy, including the Corporate Compliance Policy; or
- Activities that otherwise amount to serious improper conduct.

If you question whether a proposed course of action is consistent with the Corporate Compliance Policy, ([http://grandeweb/AutoServe\\_FormsandDocs/Ethics/\\_/Grande%20Communications%20Guide%20to%20Ethics%20and%20Compliance.pdf](http://grandeweb/AutoServe_FormsandDocs/Ethics/_/Grande%20Communications%20Guide%20to%20Ethics%20and%20Compliance.pdf)) or any other requirement, you may want to seek guidance before taking any action. You are encouraged to discuss the issue with your direct supervisor who knows you and the issues in your workplace. If your supervisor cannot find the answer, or if you are not comfortable discussing the issue with your supervisor, discuss the issue with others in the reporting chain, per our Open Door Policy.

If the matter is still not resolved to your satisfaction, or if you feel more comfortable, you can discuss the issue with other available corporate resources (a list of which is on the following page). If you are not comfortable taking this step, you may call our HOTLINE at **1-866-294-4506**, or visit the website to log your concern. Website information can be found on the intranet.

You may also communicate your concerns by mail to:

Corporate Compliance Office  
Grande Communications, Inc.  
401 Carlson Circle  
San Marcos, Texas 78666

### **Anonymous Allegations**

Your call can be anonymous within the constraints of the law and this policy, however, this policy encourages employees to put their names to allegations because appropriate follow-up questions and investigations may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Calls and letters are kept confidential to the extent reasonably possible. The identity of a person expressing a concern under this policy will not be given to anyone except as required by applicable law, rules, regulations, legal process or as needed for investigative purposes.

### **Timing**

All inquiries will be answered promptly. All reports of suspected violations will be investigated promptly and fairly. No employee will be subject to reprisal for reporting in good faith a suspected violation to the policy.

**Evidence**

Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith and the basis for the allegation.

If any matter involving a possible violation of these Guidelines is not resolved to your satisfaction after discussing the issue with your supervisor or others in the reporting chain, please feel free to discuss the issue with other available corporate resources listed:

**People & Culture:**

Vice President, People & Culture

Phone Number: (512) 878-5221

**Corporate Compliance Officer:**

General Counsel

Phone Number: (512) 878-5413

**Legal Department:**

Phone Number: (512) 878-5405

## **ADMINISTRATION OF THE COMPLIANCE PROGRAM**

### **Corporate Compliance Officer**

Grande Communications' General Counsel is the Company's Corporate Compliance Officer. He/she is responsible for the administration of the Corporate Compliance Policy. The Compliance Officer reports to Grande Communications' Chief Executive Officer and the Board of Directors.

The duties and responsibilities of the Corporate Compliance Officer include the following:

- **Serve** as chairperson of the Corporate Compliance Committee.
- **Design** and test the effectiveness of the implementation, administration and operation of all compliance initiatives.
- **Oversee** the design, development of and participate in regular, multifaceted communication, education, and training programs to ensure all Grande Communications' directors, officers, employees, consultants, vendors and subcontractors are knowledgeable about and comply with the Corporate Compliance Policy, all compliance policies, and all applicable laws.
- **Report** on a regular basis to the Chief Executive Officer, the Board and appropriate committees of the Board regarding the operation of the Corporate Compliance Policy and applicable laws, rules or regulations.
- **Maintain** a log of all calls received by the Hotline, maintain a record of all allegations which may constitute a material violation of applicable laws, rules or regulations, conduct a timely preliminary review and, if necessary, an internal investigation of any credible allegation of misconduct received over the Hotline or through the Open Door policy.
- **Prepare** recommendations on compliance-related policies and procedures for review by the Corporate Compliance Committee.
- **Review** the Corporate Compliance Policy and all compliance policies to ensure their relevance and recommend to the Chief Executive Officer and the Audit Committee of the Board of Directors modifications to account for changes in the law, rules or regulations, changes in the nature of the Company's business and the Company's experience in the operation of the Corporate Compliance Policy and other compliance measures.

## Corporate Compliance Committee

The Corporate Compliance Committee provides oversight, advice, support and general guidance, as appropriate, to the Corporate Compliance Officer in the discharge of his or her responsibilities. The Committee will be composed of the Vice President of People and Culture, the General Counsel, the Treasurer and such others from time to time as shall be appropriate. The Corporate Compliance Committee's responsibilities includes the following:

- **Provide** support and guidance to the Compliance Officer in the formulation of policies, procedures and mechanisms that are the basis of corporate compliance initiatives for Grande Communications.
- **Monitor** Company compliance activities, including serious issues raised to the Hotline or other reports to the Compliance Officer, as well as compliance issues involving management.
- **Assist** the Compliance Officer in (a) communicating to all employees the requirements set forth in the Corporate Compliance Policy, (b) ensuring that procedures and programs are developed for informing employees of all applicable laws, rules and regulations on a timely basis, and (c) ensuring that policies and procedures are developed, updated and communicated in a timely manner as necessary to provide appropriate guidance for employees.
- **Review** the Compliance Officer's system for uniform response, enforcement and corrective action on matters relating to compliance so they are correctly and consistently handled and are reported in a timely fashion.
- **Ensure** that Company policy provides effective and accessible procedures so that employees can report in confidence (to the extent permitted by law) and without fear of retribution, any improper activities, misconduct, or violations of law, rules, regulations, this Corporate Compliance Policy or any compliance policy.

## Training and Education

A regular Company-wide training and education program will be developed and maintained in regard to this Corporate Compliance Policy, all compliance policies and applicable laws, rules and regulations. The purpose of the program will be to ensure that all Grande Communications directors, officers and employees are familiar with the requirements of, the importance of compliance with, and their responsibilities pursuant to the Corporate Compliance Policy, compliance policies and applicable laws, rules and regulations. The compliance communication and training program will be implemented at each of the Company's operational areas.

All Grande Communications personnel, including directors, officers, employees and agents, will receive a copy of the Corporate Compliance Policy. Along with the Corporate Compliance Policy, all Grande Communications personnel will receive a certificate which the director, officer or employee must sign acknowledging that he or she has read and will comply with the Corporate Compliance Policy. Failure to comply may result in disciplinary action up to and including dismissal.

### **Resources**

The Company will devote such resources to the implementation and operation of the Corporate Compliance Policy as may be reasonably requested from time to time by the Compliance Officer.

## **CONFLICTS OF INTEREST**

### **Policy**

All Grande Communications employees are prohibited from taking any actions that could create a conflict of interest and should avoid even the appearance of a conflict of interest. For example, Grande Communications employees must avoid the payment or receipt of gifts, money, entertainment or other favors which go beyond the common courtesy usually associated with business practice, and might thereby be regarded as creating an obligation or incentive to conduct business. Additionally, Company resources and time are to be used only for approved purposes; it is Grande's expectations that a Grande Communications full-time employee's primary work obligation is to Grande Communications.

### **Comments**

A conflict of interest is a situation in which an employee's potential personal interest or benefit interferes with his or her judgment or actions as an employee of Grande Communications. It is not possible to list every type of potential conflict of interest. It is not unethical to dine with a salesperson or supplier to give him/her an opportunity to present his/her product or service or to develop a business relationship that may contribute to the Company's business; however, close personal friendships with supplier representatives are to be avoided to curtail any appearance of a conflict of interest. The Company's policy is intended to permit gifts of reasonable value, normal business meals and entertainment, the exchange of customary reciprocal courtesies between employees of the Company and their business associates, and similar customary and reasonable expenditures to promote general business goodwill. Reasonable expenditures for gifts to and the entertainment of business contacts by Company employees may be made if the expenditures are appropriate and are correctly recorded on the books of the paying entity. However, entertainment or gifts shall not be of substantial monetary value

nor exceed that value customarily and openly provided by responsible competitors of the Company in the area involved. If you have questions or doubts about any gifts or entertainment that may be in excess of \$100.00 in value, consult your manager or supervisor before accepting the same. We will award business solely on merit, receiving the best value for our Company.

Unless approved in advance, no Grande Communications employee may hold a position with, or have a substantial financial interest in, any business that conflicts with or might appear to conflict with that employee's work on behalf of Grande Communications. Likewise, prior approval by the Legal Department is required for a Grande Communications employee to conduct business with the Company for personal benefit or for the benefit of a relative.

Additionally, employees are prohibited from (a) taking for themselves personal opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position; (b) using corporate property, information or position for personal gain; and (c) engaging in any activity that, in the judgment of the Company is competing with the Company.

Grande Communications employees must avoid direct or indirect responsibility for the hiring or supervision of a family member. Even the appearance of favoritism can have a degrading influence on employee morale and perception of the Company's fairness to all employees. Employment of a family member is permitted so long as the family members are not reporting directly or indirectly to each other [or to the same direct supervisor].

Each employee shall refrain from knowingly buying or selling for his own account or the account of an associate any security or other interests which the Company may be considering buying or selling, or has decided to buy or sell. Each employee will also refrain from transmitting any knowledge of such considerations, decisions or any other information that might be prejudicial to the interests of the Company to any person other than in connection with the discharge of his/her Company responsibilities

In accordance with the Sarbanes-Oxley Act of 2002, the Company will not, directly or indirectly, extend credit or renew any extension of credit in the form of a personal loan to or for any director or executive officer.

#### **Procedures for Disclosure**

If at any time an employee finds that he/she or an associate has, or is considering the assumption of, a substantial financial interest or outside relationship, or if he/she is in doubt as to the proper application of this policy statement, he/she should promptly make all the facts known to the Corporate Compliance Officer and Committee, and refrain from any exercise of responsibility in any

manner which might reasonably be considered to be affected by such adverse interest.

The Corporate Compliance Committee shall:

- (i) Consider each report submitted hereunder, determine whether the facts give rise to a conflict of interests which is contrary to the policy, and recommend action, if any, to be taken;
- (ii) Advise employees who seek advice concerning conflicts of interest problems;
- (iii) Direct an investigation of any alleged violations of this policy; and
- (iv) Annually cause a follow-up letter to be circulated to those employees that have executed a Conflict of Interest Compliance Report, asking if there has been any change in such report on file. People and Culture shall be responsible for having each new employee complete and sign one copy of the following Conflict of Interest Compliance Report. Subsequent to the return of the initial report, it is the employee's responsibility to report any new area of possible conflict promptly.

#### **Your Responsibilities**

- **Place** compliance with laws and ethical principles above private gain.
- **Do not solicit or coerce** anything of value in exchange for awarding Grande Communications business.
- **Never** accept, give or promise gifts that exceed the reasonable value of gifts normally exchanged as a business courtesy from or to any person or firm with whom the Company does business.
- **Always** correctly record any gifts or business entertainment you provide to business contacts on the books of the paying entity.
- **Do not have** a position with, nor financial interest in another business that interferes or appears to interfere with Company duties or responsibilities, unless approved in advance by the Compliance Officer or Compliance Committee.
- **Do not conduct/transact Company business with a relative** unless it is approved by the Legal Department in advance. All employees must maintain impartiality and high standards of conduct for honesty and fairness.

- **Disclose** to the Corporate Compliance Officer any position with, or substantial financial interest in, any competitor or other business enterprise held by you, a close relative or a member of your household (including work as a consultant or advisor).
- **Do not** use Grande Communications time or resources for personal or outside business matters.
- **Avoid** work, other than in the normal course of your responsibilities for Grande, on behalf of competitors, suppliers, or customers of Grande Communications.
- **Inform** your supervisor of any outside business position (other than charitable, educational or religious) that might be viewed as conflicting with Grande Communications duties or responsibilities.

**For further information on Conflict of Interests consult with the Legal Department or People and Culture Department.**

<b>Conflict of Interest Report</b>
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I have read the Company's Conflict of Interests Policy and have retained a copy for my guidance.

1. Except for the following, I hereby represent that neither I nor any of my associates have any interest, which is thereby required to be avoided, considering my present duties for the Company. (Attach a separate sheet if space is insufficient)
  
2. Except as set forth below, I hereby represent that [neither I nor any of my associates] are employed by or hold any substantial financial interest, officership, directorship, partnership or other position or relationship with or in any business or professional firm or corporation which is required to be disclosed under the policy statement.

**Instructions:** Attach a separate sheet and

- (i) Briefly describe the nature of the business of any such firm or corporation.
  - (ii) State the approximate annual dollar volume of any business activity between the Company and such firm or corporation.
  - (iii) Do not list participations in charitable, religious, fraternal or educational organizations.
3. Set forth below are transactions, required to be submitted under the policy statement, in which I propose to cause (or have caused), either directly or indirectly, the

Company to enter into either with (i) a relative, (ii) an enterprise from which I will receive a personal financial benefit, or (iii) others named in the policy statement. (Attach a separate sheet)

4. Although I hold a financial interest, officership, directorship, partnership, or other official position, as indicated, in the business or professional firms or corporations set forth below, I do not consider this to be a conflict of interest under the policy statement.

**Instructions:** Attach a separate sheet and

- (i) Briefly describe the nature of the business of each such firm or corporation.
- (ii) Do not list participations in charitable, religious, fraternal or educational organizations.

**Please print or type:**

NAME: \_\_\_\_\_

COMPANY: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

POSITION: \_\_\_\_\_

DATE: \_\_\_\_\_

## **ELECTRONIC MEDIA AND ELECTRONIC MAIL**

### **Policy**

Electronic Media and the Electronic Mail System are the property of Grande Communications and are provided for business use. It shall not be used for transmission of information that conflicts with other Company policies. The security and protection of Grande Communications' information system assets, including hardware, software, and data, is an essential component of every employee's duties. The intentional or unintentional disclosure of information to external parties may result in the loss of customers, competitive advantage, or regulatory issues.

Grande Communications maintains separate IT policies. Those policies should be consulted by all employees for guidance on acceptable uses of the Company's information technology systems. Those may be accessed through the intranet. This Electronic Media & Electronic Mail Policy is intended to supplement the policy guidance therein.

### **Comment**

The purpose of this policy is to ensure that the resources and facilities of Grande Communications are used in a manner that: maximizes their productive benefit to the Company; protects the Company's confidential and proprietary information; and protects the Company from exposure to liability for unauthorized acts.

1. Information Technology is responsible for providing methods and processes to protect company data, systems software and computing resources.
2. People and Culture is responsible for communicating laws, regulations, labor and business agreements regarding data access, monitoring and sharing, to promote compliance.
3. People and Culture and the Legal Department are responsible for enforcing Company and Information Technology policies, laws, or contractual agreements, regarding ability to manage information systems whenever applicable.

### **Monitoring**

Use of company facilities is routinely monitored. The Company has the right to review e-mail messages or files when there are reasonable grounds to suspect abuse. In such cases, the Information Technology group will work under the direction of appropriate management representatives. The Company will follow laws, regulations, and contractual agreements regarding monitoring.

### **Your Responsibilities**

- **Never** use Company Electronic Mail for Non-Company purpose except in limited circumstances involving occasional short messages to family or friends.
- **Always** safeguard your account and password.

### **Users are responsible for:**

- (a) Following established security procedures and controls for every Information Technology resource used and ensuring that every resource is used in accordance with its established business purpose and Company policies.
- (b) Protecting sensitive data from unauthorized disclosure.
- (c) Ensuring compliance with all applicable laws and regulations, including the retention of data for legal and regulatory requirements.
- (d) Ensuring that all software used to support business operations or executing on Grande Communications' processing resources are in accordance with license agreements.
- (e) Following established procedures to protect Information Technology Resources from damage through infection by a computer virus.

**For further information on Electronic Media, consult with the Legal Department or People and Culture Department.**

## INSIDER TRADING

### Policy

It is the policy of Grande Communications that no director, officer or employee of any Grande Communications company may use material, nonpublic information (also known as "inside information") to trade in the securities of any Grande Communications company (including, without limitation, common stock, warrants and the like), or the securities of any supplier, customer or other company with which Grande Communications has a business or contractual relationship or may be negotiating such a relationship, either personally or on behalf of others, nor may a director, officer or employee of Grande communicate such information to others who use it to trade in the securities of any Grande Communications or other company.

Information is material if it could affect a person's decision to buy, sell or hold securities. It is nonpublic if it has not yet been generally disclosed to the investing public.

### Comments

It is a violation of the federal securities laws for any person to buy or sell securities if he or she is in possession of material, nonpublic information. It also is generally illegal for any person in possession of material, nonpublic information to provide other people with such information or to recommend that they buy or sell securities of the company to which the information relates.

Both the provider and recipient of the material, nonpublic information may be held liable.

It is the duty of all directors, officers and employees of Grande Communications to maintain the confidentiality of nonpublic information belonging or relating to Grande Communications or obtained through any relationship of confidence.

**Please refer to the sections of this Guidebook regarding Confidential Information and Dissemination of Corporate Information if you have any questions about the confidentiality of non-public information.**

### Your Responsibilities – Generally

- **Never buy or sell** securities of a Grande Communications company or securities of any other company based on confidential information that has NOT been released to the public.
- **Never provide** confidential information about Grande Communications to others who might buy or sell securities based on that information.

- **Do not trade** if you are in doubt as to whether the information has been released to the public (in general, wait at least two business days after a Grande Communications press release is issued before buying or selling securities).
- **Notify** your supervisor, the compliance officer, or hotline if you know or suspect that others are trading in securities based on inside information.
- **Ensure** that confidential Company information (such as significant new contracts, acquisitions, etc.) is released only to individuals who have a need to know the information.

#### **Your Responsibilities - Directors, Officers and Specified Employees**

All officers, directors and certain employees who are selected and notified by the Legal Department (which the Legal Department will do from time to time on the basis of the fact that these employees typically have access to inside information, including financial results, before it is publicly disseminated) should **not** engage in trading in Grande Communications debt securities or warrants without the prior approval of the Company's Legal Department.

**For further information on Insider Trading, consult with the Legal Department.**

## **COMMITMENT TO CUSTOMERS AND COMMUNITY**

Grande Communications promises to serve our customers and communities with passion and commitment. We promise to be easy to do business with internally and externally.

### **CORPORATE ADVERTISING AND MARKETING**

#### **Policy**

Grande Communications' advertising and marketing must be truthful, accurate and not misleading. Advertising should avoid controversial subjects or any offensive stereotyping. Advertising must not infringe on the trademarks or slogans of others, or attempt to trade on the goodwill of others' products.

#### **Comments**

Grande Communications conducts advertising and marketing programs to enhance the brand recognition, reputation, and acceptance of the Company and its products. We conduct sales advertising as a support function for marketing our products and services. It is mandatory that Grande Communications protect its reputation through credible and truthful advertising.

Without explicit prior approval from the Legal Department, the Company should not engage in any promotional offers, lotteries, or similar marketing activities.

#### **Your Responsibilities**

- **Always document** product and performance claims.
- **Avoid** claims that cannot be documented.
- **Avoid** controversial subjects, stereotyping, or the underwriting of programs that might be deemed offensive.
- **Do not** infringe on the trademarks or slogans of others, or attempt to trade on the goodwill of others' products.

**For further information on corporate advertising and marketing, consult with the Legal Department and/or Marketing Department.**

## **PUBLIC COMPANY DISCLOSURES**

### **Policy**

It is the policy of Grande Communications that employees are called upon to provide information necessary to assure that public reports are complete, fair and understandable. All employees must provide prompt and accurate answers to internal inquiries related to Grande Communications' public disclosure requirements. In addition, if any employee becomes aware of a matter that may require SEC disclosure as described in these Disclosure Guidelines, that employee must report the matter to a "point person" designated as responsible for the gathering, assessment and possible reporting of the information or, if that employee does not feel comfortable raising the issue with a "point person," then to his or her supervisor (who then has the responsibility to report the matter to a "point person"). Our point persons are the General Counsel, the Chief Financial Officer, the Vice President of Corporate Finance and the Controller.

### **Comments**

Grande Communications must disclose any "material" information in periodic SEC reports. Information is "material" if there is a substantial likelihood that a reasonable investor would attach importance to the information in determining whether to buy or sell Grande Communications securities. In addition, Grande Communications must disclose "material" known demands, commitments, events, trends or uncertainties that could impact (favorably or unfavorably) liquidity, capital resources, assets, revenues, costs or net income.

### **Your Responsibilities**

- **Report incidents of fraud** or accounting/record keeping irregularity.
- **Disclose transactions** between Grande Communications and one of its directors, officers or other management employees. This includes "indirect" transactions, such as a customer or supply relationship between Grande Communications and another company that one of Grande Communications' executives invests in.
- **Account for** all sales, returns, leasing, borrowing, credit extension and other transactions at the plant/sales force level.
- **Provide details** on possible areas that could impact Grande Communications' condition or results, such as

obsolete inventory or material customer issues, a significant change in Grande Communications' business or operations, or changes in general business or industry conditions.

- **Disclose warranty** or similar claims or costs, other than ordinary course aftermarket returns, and engineering issues on products or platforms that are reasonably likely to result in a warranty or similar claims or costs.
- **Inform the Legal Department about any litigation**, arbitration or similar judicial or administrative proceedings that involves Grande Communications.
- **Report any occurrence** – accidental or otherwise – that results in the death, dismemberment or disability of an employee or a third party.
- **Provide an accounting of impairments** or potential write-offs of an asset or assets that could result in a material loss to Grande Communications.
- **Disclose material agreements**, or terminations of material agreements, not made in the ordinary course of business, and contract breaches – either by Grande Communications or the other party to a contract with Grande Communications– that could result in a material loss or gain to Grande Communications.
- **Make known** the termination or reduction of a **business relationship** with a customer that generally accounts for 5% or more of Grande Communications' total revenues.
- **Give disclosure** on the imposition or creation of a **direct or contingent financial obligation**, or events triggering a direct or contingent financial obligation that is material to Grande Communications, including any default or acceleration of an obligation.

**For further information on Disclosure Guidelines, consult with the Legal Department.**

**See also, Insider Trading and Confidential Information**

## **COMMITMENT TO PROFESSIONALISM**

Grande Communications promises to exercise the highest degree of honesty, integrity and ethical conduct at all times.

### **EQUAL EMPLOYMENT OPPORTUNITY**

#### **Policy**

All of Grande Communications' employment decisions including hiring, performance reviews, promotions, recognition, pay and termination are based on Grande's needs and an employee's qualifications, skills, and performance without regard to race, color, sex, sexual preferences, national origin, religion, age, disability, marital or family status, veteran status, or any other non-business related consideration. We will not tolerate discrimination toward any employee on such basis.

#### **Comments**

This policy applies to all employees. In some locations, local statutory requirements may require employers to conform to locally mandated norms.

#### **Your Responsibilities**

- **Do not treat** any employee differently because of his or her race, color, sex, sexual preference, national origin, age, religion, disability, marital or family status, veteran status, or other illegal consideration.
- **Notify** your local management, People and Culture Department, or the Legal Department of any violation of this policy.
- **Create** an atmosphere free of any suggestion of discrimination.
- **Do not** make or tolerate jokes, comments, or remarks based on a person's race, color, sex, sexual preference, national origin, age, religion, disability, marital or family status, veteran status, or other consideration.

**For further information on Equal Employment Opportunity, consult with the People and Culture Department or the Legal Department.**

### **HARASSMENT**

#### **Policy**

Grande Communications is firmly committed to the fair and equitable treatment of all of its employees within a safe, healthy, and harassment-free work environment. We will not tolerate any form of harassment, sexual or otherwise. It is Grande

Communications' policy to provide all employees with a work environment where privacy and dignity are respected and all are protected from unsolicited and unwelcome sexual overtures, advances, or actions. Conduct with sexual overtones that interfere with work performance and productivity, or create an intimidating, hostile, or offensive work environment is forbidden. We are committed to an environment free of offensive, obscene or threatening behavior. Employment decisions will not be based on submission to, or rejection of, unwelcome sexual advances, requests for sexual favors, or verbal or physical conduct of a sexual nature.

### **Comments**

This policy applies to all employees. In some locations, local statutory requirements may require employers to conform to locally mandated norms. This policy is intended to supplement, not replace, the more detailed policies available on the Company's intranet. Those policies should be consulted for more information.

### **Your Responsibilities**

- **Do not** make or tolerate jokes, comments, or remarks based on a person's race, color, sex, sexual preference, national origin, age, religion, disability, marital or family status, veteran status, or other consideration.
- **Never make an unwelcome sexual advance** toward a co-worker or to any other person you come in contact within the course of your duties at or for Grande.
- **Do not make or tolerate** harassing or sexual jokes, comments about a person's body, graphic statements about sexual matters, or engage in offensive behavior of a harassing or sexual nature.
- **Do not display** sexually suggestive objects or pictures at work.
- **Do not ask** co-workers questions about or engage in conversations regarding sexual conduct or sexual preference.
- **Create** an atmosphere free of harassment of any nature.
- **Report** any inappropriate behavior of a sexual or harassing nature to your supervisor or People and Culture immediately.
- **Never** suggest or imply that an employee's job will be affected by his or her response to a sexual advance or other forms of harassment.
- **Workplace violence** is another form of harassment. Grande has zero tolerance for violence in the workplace in any form. Examples of workplace violence include

physical assault, threat of physical harm or assault, stalking, intimidation and theft or vandalism of Company or personal property.

- **Possession of firearms** on Company property is prohibited, unless specified expressly by written site procedures or as necessary for an employee's job (e.g., a security guard). Possession includes, but is not limited to, carrying a firearm on your person or having a firearm in a locker or in a private vehicle on Company property. Carrying firearms in Company vehicles is also prohibited.

**For further information on Harassment, consult with the People and Culture Department or the Legal Department.**

## **HEALTH AND SAFETY**

### **Policy**

We are committed to providing and maintaining a safe and healthy work environment for all employees. All directors, officers and employees must be responsible for knowing and complying with safety policies, regulations and rules that apply to their job.

It is our policy to manage risks to employees, property, the environment, and the public. We will identify, evaluate and control potential risks as necessary for a safe, secure and profitable operation. Grande Communications has established an audit process to confirm that the Company is complying with laws and regulations, and that the operating units are following policies and standards. Moreover, Grande Communications has developed standards for investigating and correcting incidents.

### **Your Responsibilities**

- **Know, understand and always comply** with your facility's health and safety procedures.
- **Always take appropriate safety precautions**, including wearing and using safety equipment and using seat belts while driving or riding in a Company vehicle or personal vehicle while in the course of Company business.
- **Never compromise** safety procedures to increase productivity or output.
- **Notify** your supervisor or the People and Culture Department of any hazardous conditions, improper use of safety equipment or any failure to follow safety procedures.
- **Never instruct anyone to disregard** safety procedures.
- **Report** any job-related injury or illness as soon as possible after the incident.

- **Suggest** ways to improve Grande Communications' health and safety procedures.

**For further information on Health and Safety consult the People and Culture Department or the Legal Department.**

## **PROHIBITED SUBSTANCES**

### **Policy**

Grande Communications is firmly committed to the fair and equitable treatment of all its personnel within a safe and healthy environment. The use, sale, possession, manufacture, dispensing or distribution of unauthorized drugs, including alcohol, or controlled substances by a director, officer or employee while performing Grande Communications business or on Grande Communications premises is forbidden. The abusive use of legal drugs, e.g., alcohol, or reporting to work under the influence of a legal drug that impairs a director's, officer's or employee's ability to perform his or her job is also forbidden. Grande Communications retains the right to search all Company property at any time. Controlled, prohibited or illegal substances will be confiscated and, where appropriate, turned over to the authorities. Employees found to be in violation of this policy will be subject to disciplinary action up to and including termination of employment.

### **Comments**

At no time may alcohol be consumed in automobiles or trucks used for Grande Communications business. No director, officer or employee may drive while under the influence, as defined by local law, while on Grande Communications business.

Alcohol may not be consumed, sold or possessed on Grande Communications premises except as permitted by management.

Certain programs are available to Company employees for treatment of and/or education about drug and alcohol abuse. Please contact the People and Culture Department to learn more about these programs.

### **Your Responsibilities**

- **Do not bring** illegal drugs or alcohol onto Grande Communications property.
- **Do not** abuse legal drugs while on Grande's business.

- **Never** use alcohol or illegal drugs while in Grande Communications owned or leased vehicles.
- **Report** any violation of Grande Communications guidelines or procedures pertaining to prohibited substances to your People and Culture representative.
- **Do not** perform Grande Communications business or be on Grande Communications premises while under the influence of any illegal drug or alcohol. This could affect both the safety of the people around you and the efficiency of Grande Communications' operations.

**For further information on Prohibited Substances, consult the People and Culture Department.**

## **COMMITMENT TO WORKPLACE COMPLIANCE**

Grande Communications promises to be committed to the highest standards of ethics and integrity in all of its business operations and expects that all its employees, officers and directors will comply with the word and spirit of every applicable law or regulation in the country and locality in which we operate.

### **ANTITRUST**

#### **Policy**

We will not engage in practices that unlawfully limit competition; nor will we engage in practices to unlawfully restrict a competitor's opportunities. The thrust of the antitrust laws is that competition functions best when each company makes its business decisions independently. The laws prohibit agreements or actions, which unreasonably limit competition.

#### **Comments**

Free competition is healthy for business and good for customers. The antitrust laws of the United States and the competition laws of other countries govern the day -to-day conduct of business in setting prices and other aspects of the purchasing and marketing of goods and services. These laws are complex, but in general protect consumers from illegal competitive actions such as illegal price fixing and dividing of markets, and prohibit agreements that may restrain trade or reduce competition.

Antitrust laws prohibit entering into any kind of agreement or understanding (even oral or informal) with a competitor regarding: prices, costs, profits, margins, inventories, or terms and conditions of sale, territories, limitations on products or services, production, facilities, volume, or capacity, market share, customer or supplier allocation or selection, distribution methods, any action that affects, limits, or restricts competition, confidential or proprietary information, bidding arrangements, resale price maintenance schemes, exclusive dealings.

Do not be misled into thinking that agreements are unlawful only if the parties involved sign a written document. If competitors make a conscious commitment to a common course of anti-competitive action, they can be in violation of antitrust laws. A court or jury may even infer that an informal agreement existed simply because of suspicious parallel activities by competitors following meetings or communications. The best policy is to avoid any form of anti-competitive communication or activities.

Competition laws are complex. If you are uncertain whether any proposed pricing or marketing plan is lawful, you should consult

with the Legal Department.

### **Your Responsibilities**

- **Never** agree with competitors to fix prices or divide markets.
- **Never** enter into any understanding with a competitor that restricts either party's discretion to provide any service, or that limits selling to, or buying from, a third party. If you attend a trade association meeting and competitors are present, never discuss at the meeting or at any social gathering costs, sales, profits, or market share. If such matters enter into the discussion, stop the discussion, or leave the meeting or social gathering.
- **Report** any activities by co-workers or competitors that appear contrary to the antitrust laws to the Legal Department, Corporate Compliance Officer or Hotline.
- **Concerning channel conflict**, Grande Communications sells products at two or more levels within the same distribution chain. Thus, Grande Communications can actually or potentially compete with its own customers. For example, Grande Communications may sell both to an end user and to a distributor who does or could sell to that end user. This creates distribution channel conflict. You may be called upon to solve conflicts within the distribution channel as the supplier. When mediating and resolving channel conflicts, you must use your independent business judgment of factors such as profitability, creditworthiness and distribution patterns to advance the best interests of Grande Communications. The interests of the competitor-customer must not come before the interests of the Company. The rules forbidding agreements and communications with competitors on prices and terms and conditions of sale apply to this situation. Consult with the Legal Department before attempting to deal directly with a large account developed by a distributor, even if you believe that the distributor can no longer meet the needs of the customer.

**Contact the Legal Department if you have any questions concerning compliance with the antitrust laws.**

### **AMENDMENT AND WAIVER**

The Legal Department will review the Corporate Compliance Policy (and related policy manuals) from time to time to determine

if revisions are appropriate and make any necessary or appropriate revisions based on such a review. If, in the judgment of the General Counsel, the revisions are substantial and significant in nature, the revised policy will be submitted to the Board of Directors for approval. If a revised policy is distributed, all persons subject to the policy will certify that they have received, read, understood, and will abide by the revised policy. Any waiver of the policy for (i) a director or executive officer of Grande Communications, may be made only by the Board of Directors and (ii) for any other employee of the Company, may be made only by the Corporate Compliance Officer, the Chief Executive Officer or Chief Financial Officer.

For these purposes, a "waiver" is required when a particular activity is prohibited by the policy and the person specifically designated in the Corporate Compliance Policy with authority to permit the activity has not or will not grant his or her approval. Any waiver for directors or executive officers and any revisions of the policy will be immediately disclosed by the Company as required by applicable provisions of law.

## **COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

### **Policy**

Our operations are conducted in many different communities in several states. This policy, which is founded on the highest ethical standards, is to be followed universally by all our employees wherever located. Although laws may and do differ from locality to locality and state to state, matters of our basic business integrity transcend all borders. Pertinent laws of every jurisdiction in which the Company operates must be followed.

### **Comment**

With regard to adherence to the law, here are some key areas that apply to all employees:

### **Legal and Regulatory Matters**

Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws relating to his or her particular duties to recognize potential dangers and to know when to seek legal advice. This should be obtained through the Company's Legal Department. Adherence to legal and regulatory matters must govern the business decisions and actions of every Company employee. You should make every effort to ensure that you and the Company are in compliance with all legal and regulatory matters applicable to your area of employment. Any legal, regulatory, governmental inquiry or action should be directed to, and handled by, the Company's Legal Department.

### **Spirit of the Law**

In acting to ensure that you and the Company are in compliance with legal and regulatory matters, your actions should comply with both the spirit, as well as with the letter of the law.

**For further information on Compliance with Laws, Rules and Regulations, consult the Legal Department.**

## **FINANCIAL CONTROLS AND ACCURACY OF BOOKS AND RECORDS**

### **Policy**

A variety of laws require Grande Communications to record, preserve and report financial information to investors and government agencies. This information must present fairly Grande Communications' financial position and the results of Grande Communications' operations. Grande Communications employees involved in preparing, processing and recording such information will be held responsible for its completeness and accuracy.

### **Comments**

The Company maintains a system of internal controls sufficient to provide *reasonable assurance* regarding the reliability of financial reporting, insuring the following objectives are met:

1. Transactions are executed in accordance with management's general or specific authorization.
2. Transactions are recorded as necessary to:
  - (a) Make and keep books, records, and accounts in reasonable detail to accurately and fairly reflect the transactions of Grande Communications and the disposition of its assets.
  - (b) Permit preparation of financial statements in conformity with accounting principles generally accepted in the United States as well as any other criteria applicable to such statements such as local statutory regulations or other government regulations.
3. Adequate segregation of duties is maintained. The principal duties to segregate are transaction authorization, custody of assets, and recording or reporting of transactions.

4. Assets are safeguarded from loss by intentional acts and unintentional errors.
5. Financial accounts are reconciled to supporting documentation at reasonable intervals and appropriate action is taken with respect to any differences.

For purposes hereof, the concept of "reasonable assurance" is based on two factors:

1. The cost of control should not exceed the benefits likely to be derived, and
2. The evaluation of costs and benefits requires good faith estimates and judgments by management. Our system of internal controls over financial reporting, at a minimum, provides for the following:
  - (a) A clear definition and communication of the delegation of authority and responsibility beginning with the Board of Directors and continuing successively to each level of management to manage risks and keep the business operating.
  - (b) Written policies and procedures that help ensure management directives are carried out, including a system of authorization, record keeping, and reporting to provide reasonable control over assets, liabilities, revenues, and expenses.
  - (c) Monitoring the effectiveness of and compliance with the prescribed policies and procedures.

Financial information must be kept confidential and released only with proper authorization. Grande Communications will maintain financial records in accordance with the Company's document retention policies. Employees must not improperly destroy any corporate accounts, records or other official Company documents. When litigation occurs, a government audit or investigation is imminent or pending, our normal document destruction procedures will be suspended until all documents relevant to the litigation, audit or investigation can be identified and segregated.

#### **Procedure**

1. A copy of this Statement will be furnished to new employee and published on GrandeWeb for all current employees as a reference tool.

2. Any employee who has any questions regarding this policy or its application should discuss the matter with the Chief Financial Officer or the Controller.

#### **Monitoring Compliance**

1. It will be the responsibility of the Chief Financial Officer to ensure proper dissemination of and compliance with this policy and procedure.
2. Each business unit and other appropriate employees, as designated by the Chief Financial Officer or designee, will be required to confirm compliance with this policy. It will be the responsibility of the Chief Financial Officer to obtain and review these statements at least annually and to report to the Audit Committee of the Board of Directors of Grande Communications the results of such reviews and compliance with this policy and procedure.
3. In reporting on their examinations of the Company's financial statements, the Company's independent auditors will be requested to state whether or not anything has come to their attention in the course of such examination that has led them to believe that this policy and procedure is not being followed.
4. Annually, as required by the Sarbanes - Oxley Act of 2002, the Company's Form 10-K report will include a management report regarding internal controls, according to final rules and regulations to be issued by the Securities and Exchange Commission. The Company's independent auditors will be asked to attest to that report, to the extent required by these final rules and regulations.

#### **Your Responsibilities**

- **Follow** all Policies and Procedures
- **Make** appropriate entries in Grande Communications' books and records to record all transactions entered into.
- **Do not make** an inaccurate, false, or misleading entry in Grande Communications books and records.
- **Immediately report** any inaccurate, false, or misleading records to your supervisor, the Legal Department, the Accounting Department or the hotline.

**Do not make or approve payments** without adequate supporting information or if any part of the payment is to be used for any

purpose other than the purpose described in the supporting documentation.

If you participate in the preparation of financial reports, **know and follow** Grande Communications' accounting and internal control procedures.

**For further information on Financial Controls and Accuracy of Books and Records consult the Legal Department.**

## **GRANDE COMMUNICATIONS PROPERTY**

### **Policy**

You are responsible for protecting Grande Communications-owned and Grande Communications-leased property and equipment. This responsibility extends not only to tangible assets such as money, physical materials, computer software and real property, but also to intangible property, such as business plans, trade secrets, computer programs, technologies, and other confidential or proprietary information of customers and suppliers. Grande Communications has established uniform procedures and guidelines for the use of Company-provided vehicles, IT equipment, etc.

### **Comments**

Grande Communications owned or leased property, generally, must not be used for any purpose other than for Grande Communications business. Employees must not borrow, give away, loan, sell, or otherwise dispose of Grande Communications owned or leased property regardless of conditions without specific authorization from your supervisor. Employees must not make unauthorized copies of computer software programs or use personal software on Company computers. Reasonable precautions must be taken against theft, damage or misuse of Grande Communications property.

### **Your Responsibilities**

- **Exercise appropriate care**, custody and control over Grande Communications property (including supplies, equipment, facilities, files, documents, and electronically recorded data).
- **Do not use** Grande Communications equipment, facilities, vehicles, and computers, for personal use except as expressly permitted by Grande Communications' policies or your supervisor.
- **Do not duplicate** proprietary or trademarked software for personal use.

- **Keep confidential information** stored properly when it is not being used.
- **Suggest improvements** for the maintenance or security of Grande Communications property.
- **Report any theft or misuse of Grande Communications property to your supervisor.**

**For further information on Grande Communications Property, consult with the Legal Department.**

## **GOVERNMENT INVESTIGATIONS**

### **Policy**

The Company and its employees will cooperate with all reasonable requests for information from governmental agencies. All information provided will be complete, truthful and accurate.

It is Grande Communications' policy to cooperate with governmental agencies in the proper performance of their functions, but it is extremely important that responses to governmental investigations be coordinated within Grande Communications. The Legal Department must be notified immediately of any inquiries. Government questionnaires and requests for information received from federal, state, or municipal government authorities are to be noted by the receiving individual and referred immediately to the Legal Department, with any appropriate comments. The Legal Department is responsible for acknowledging receipt of all requests and for initiating appropriate action for timely compliance. Answers to such requests will be made through the Legal Department.

### **Comments**

Requests for information other than routine forms must be forwarded to the Legal Department. In order to promote Grande Communications' policy, all employees must ensure that information we provide to government agencies includes all facts necessary to ensure that the information submitted is not misleading. Directors, officers and other employees must never lie or make false or misleading statements, whether oral or written, to any government official or agency. They must never attempt to persuade any Company representative, or any other person, to provide false or misleading information to a government official or agency. Directors, officers and other employees must never fabricate, destroy or alter any Company document or record in anticipation of or following a request for the document or record by a government agency or court.

If approached by any person who identifies himself or herself as a government investigator, you should contact the Legal Department immediately. The Legal Department will assist you in following proper procedures for cooperating with the investigation. Do not feel pressured to talk to a government investigator without first contacting our Legal Department. Grande Communications will provide consultation with our Legal Department to any director or employee who is contacted in connection with a government investigation of the Company.

#### **Your Responsibilities**

- **Never** lie or make false or misleading statements to any government official or agency.
- **Never** attempt to persuade any person to provide false or misleading information to a government official or agency.
- **Never** destroy or alter any Company document or record in anticipation of or following a request for the document or record by a government official or agency.
- **Contact** the Legal Department immediately if approached by any person who identifies himself or herself as a government investigator.

**For further information on Government Investigations, please consult the Legal Department.**

#### **POLITICAL CONTRIBUTIONS & ACTIVITIES**

##### **Policy**

Company funds or assets must not be used for federal political campaign contributions. Company funds or assets must not be used as contributions for state, local or foreign political campaigns without approval from the Chief Executive Officer. Grande Communications does have a Political Action Committee that is part of its Passion & Commitment Club and activities. Although all employees are encouraged to participate and donate to the Grande Communications PAC, such participation is purely voluntary. Grande Communications personnel are encouraged to vote in government elections and to participate in the political process. These activities must be undertaken on your own time and expense. Only the Chief Executive Officer can authorize an individual to speak on behalf of Grande Communications as a whole. All statements made on behalf of Grande Communications to government agencies concerning proposed legislation should be cleared with the Legal Department.

##### **Comments**

Government policy and enforcement has a substantial impact on the ways in which Grande Communications conducts its business and the results achieved. This impact can be expected to increase and it is, therefore, imperative that positive efforts be made to assure constructive relationships between the Company and government. It is entirely legitimate, and it is a management responsibility, to advocate policies and actions which do not disadvantage Grande. Grande Communications personnel are encouraged to express their views on government, legislation and other matters of local and national interest. You are encouraged, as individuals, to make contributions supporting candidates or parties of your choice. These activities, however, must be undertaken on your own time and at your own expense. Federal laws restrict the use of corporate funds in connection with federal elections, and there are similar laws in many states. Neither Company funds, the Company name, nor Company facilities shall be used directly or indirectly for political purpose on behalf of candidates for political office, political parties or elected incumbent office holders at any level, federal, state or local, except as permitted by law and with the approval of the CEO. Grande Communications does have a Political Action Committee and all employees are encouraged but not required to participate in it through joining the Passion and Commitment Investment Club.

The Company's relationship with all governmental agencies and their officials and personnel in the United States shall be conducted in all respects such that public disclosure of full details thereof will not impugn or jeopardize the Company's integrity or reputation.

Each employee, regardless of his position in the Company, is free to exercise his/her own clear right as a citizen to (a) express his/her own views on matters of public policy through political or non-political channels; (b) support candidates of his/her own choice, and (c) engage in partisan political activities. He/she should be guided at all times by the restrictions imposed by law upon corporate participation in politics. He/she should make clear when the views, which he/she expresses, are his/her own, or when such views are those of Grande Communications. Grande Communications does not attempt to dictate to any employees which political party or candidates he/she should support or espouse.

#### **Your Responsibilities**

- **Obey** restrictions imposed by law upon personal and corporate participation in politics
- **Coordinate** any dealings with public and elected officials regarding Grande Communications with the **LEGAL DEPARTMENT**.

- **Never** represent your personal political activity as being Grande Communications'.

**For further information on Political Contributions and Activities, consult the current Treasurer of the Political Action Committee or Compliance officer or check GrandeWeb for complete listings of contribution recipients.**

## **Commitment to Privacy**

Grande Communications promises to be honest and truthful showing respect for others.

### **CONFIDENTIAL INFORMATION**

#### **Policy**

No employee shall, without the written consent of the Company, during the term of employment or service or thereafter, use or disclose any confidential information obtained during the course of employment or service. The purpose of this policy is to ensure the protection of proprietary and confidential Company information from loss, misuse or misappropriation. The terms proprietary and confidential refer to certain information that if lost, published inappropriately or misused could adversely affect Company operations, employees, customers or stockholders. Such information may contain financial, commercial or technical data, may relate to payroll, benefits or personnel records, etc.

#### **Comments**

Company information that requires special protection should be classified as confidential. Company confidential information includes all information concerning Grande Communications' affairs that are not in the public domain and has not been approved by Grande Communications for release outside the Company. Such classification of Company information is the responsibility of its originator. The originator should exercise good judgment in designating information as confidential, since overuse of this classification may destroy its effectiveness. The disclosure to any third party of confidential information regarding Company business or research operations, whether intentional or accidental, can adversely affect the financial stability and competitive position of the Company and/or the job security of its employees. Confidential information should be made available only to individuals who have the need to know.

Confidential information may not always be expressly designated as such. The person receiving the information may in some circumstances have to determine on his or her own whether the information received is confidential information. If in doubt whether information is confidential, you should consult the Legal Department. Grande's expectation is to always err on the side of caution and keeping information confidential.

Confidential information always shall, whether or not patentable or copyrightable, include discoveries, inventions, improvements, innovations, financial information and strategic business plans, methods, processes, techniques, computer software, equipment, research data, marketing and sales information, personnel data,

customer lists, plans and all other know-how and trade secrets which are in the possession of the Company (whether relating to the Company or its employees, customers, suppliers or other business relationships) and which have not been published or disclosed to the general public.

This policy/procedure establishes a confidential classification for all forms of Company information.

#### **Use**

Confidential information should only be used for the benefit of the Company. Confidential information of a third party which has been disclosed to the Company should be treated in the same manner as the Company's own confidential information and should only be used for purposes permitted by the third party.

#### **Transmission**

Confidential documents, when transmitted outside of controlled access office areas or secured operational facilities, are to be put in envelopes marked confidential and transmitted to the addressee, for opening only by the addressee, or his or her designee. The sender of a confidential envelope must be sure the envelope bears the originator's name.

#### **Safekeeping**

Confidential information should be kept in locked desks, file cabinets or offices, except when in use; or kept in office areas or secured operational facilities where access is granted only to the specific individual(s) who have the need to know the information and where there is a reasonable expectation the information will be confidential. Caution should be exercised to avoid such document being visible to others unless those others have a need to know the contents of such documents. Copies of confidential information should be minimized and treated as confidentially as the original of the document.

#### **Reporting**

Any unauthorized use or disclosure of confidential information should be reported to the Legal Department.

#### **Your Responsibilities**

- **Report** to the appropriate immediate supervisor any attempt by outsiders to obtain Confidential Information or any unauthorized use or disclosure of Confidential Information by others.
- **Never** accept or provide information from or to a third party with the condition or understanding that it be kept confidential unless such information is subject to a written confidential disclosure agreement drafted by, or is otherwise disclosed under circumstances approved in advance by the Legal Department.

- **Never** seek or accept confidential information of a competitor in an illegal or unethical manner and if information is offered or given that is reasonably viewed as having been obtained through illegal or unethical means, immediately report the matter to the Corporate Compliance Officer.

**For further information on Confidential Information consult the Legal Department, People and Culture and the other relevant sections of this Policy including the section on Dissemination of Company Information.**

## **DISSEMINATION OF CORPORATE INFORMATION**

### **Policy**

Grande Communications' employees must not respond to requests for financial or business information about Grande Communications from outside sources such as the media, press, financial community or the public, except in accordance with this policy. The dissemination, communication or other disclosure of information that is either "*proprietary*" or "*material*" needs to be controlled and subject to prior review and certain other procedures so as not to damage the Company's interests or expose the Company to liability and/or penalties. The purpose of the following policies, therefore, is to establish certain rules, procedures and guidelines relating to the release of Company information so as to protect against unauthorized, untimely, inappropriate and/or inadvertent releases of the Company's proprietary and material information and to otherwise ensure consistency and accuracy in the Company's communications.

### **What is "Proprietary" or "Material" Information?**

"*Proprietary*" information is defined as information concerning marketing and sales information, personnel data, customer lists, financial data, intellectual property, business plans and strategies, plans and all other know-how and trade secrets which are in the possession of the Company (whether relating to the Company or its employees, customers, suppliers or other business relationships) and which have not been published or disclosed to the general public.

"*Material*" information is defined as information, including proprietary information, that a reasonable shareholder would likely consider important in making an investment decision about the Company's securities. Examples of "material" information include any information, data, news or announcements concerning: the Company's past, present or expected future financial performance; proposed significant mergers or acquisitions; determination of earnings or other financial results; acquisition or loss of a significant contract; major management changes; a significant

change in capital investment plans; the purchase or sale of a significant asset; incurring of significant debt or sale of significant amounts of securities; pending significant litigation; a major new technology; the marketing of significant new products; the formation or termination of joint ventures; the addition or loss of a key supplier; and the inability to purchase or receive essential product components in a timely manner.

**Any person desiring to make disclosure concerning the Company or any of its affairs should contact the Legal Department if he or she is uncertain as to whether a proposed disclosure includes or concerns "Proprietary" or "Material" information.**

#### **Release of Information to News Media**

1. **Procedures for Handling News Media Requests.**  
News media requests received for information of any type are to be referred to the SVP of Marketing for handling and reply. Releases of information to the press that concern or include financial or other "material" information are subject to the policies, procedures and guidelines set forth in the section on "Release of Material Information" below.
2. **Procedures for Issuing News Releases.**
  - a. **Prior Clearance.** Prior to issuance, all news releases must be cleared by through the proper business units. Normally, such channels would include the appropriate vice president and manager, as well as members of the Company's Disclosure Committee, but may include others deemed appropriate by the applicable business unit.
  - b. **Prior Clearance for Material Information.** News releases concerning "material" information require clearance by the Legal Department, the Chief Financial Officer, and/or VP of Corporate Finance, in accordance with the policies, procedures and guidelines set forth in the section entitled "Release of Material Information."

#### **Release of Information Regarding Employees and Former Employees**

1. **Scope and Purpose.** It is the policy of Grande Communications to protect the privacy of Company employees and to comply with all applicable legal requirements.

2. **Procedures for Handling Employee Information Requests.** Requests from any source, other than the news media, regarding employees or former employees are to be handled by the People and Culture Department. People and Culture should coordinate requests from the news media for information regarding current or former employees.
3. **Role of the People and Culture Department.** The People and Culture Department is responsible for replying to all requests for employee information and for making any investigations and taking any other action necessary to ensure that replies to such information requests conform to Company policy and to pertinent legal requirements.
4. **Examples of Requests Subject to Policy.** Some of the more common types of requests to which this policy is specifically applicable are: requests from prospective employers concerning former employees; and requests for employees' addresses.

#### **Release of Information to and Communication with Securities Analysts and the Financial Press**

1. **Scope and Purpose.** Grande Communications is committed to providing orderly, timely, consistent, and credible information to securities analysts and the financial press in accordance with federal and local securities laws. The federal securities laws require the Company to disclose certain information to the public from time to time. However, if information is to be disclosed to analysts and the press that has not been disclosed to the general public, serious consequences can result. First, the Company would be required to disclose this information to the general public, which may not be in the best interests of the Company at that time. Second, the individual who disclosed the information may be held liable under Section 10(b) of the Securities Exchange Act of 1934 and face severe civil penalties.
2. **Procedures and Guidelines.** The following procedures and guidelines apply to all communications and other dealings with analysts and members of the financial press. Typically, communications and other dealings with analysts and the financial press necessarily involve the release or disclosure of financial data and other "material" information concerning the Company and its operations and affairs. Accordingly, communications that concern or include "material" information are also subject to the policies, procedures and guidelines set forth in the "Release of Material Information" section below.

### "Persons authorized to communicate with analysts and the financial press"

The Chief Executive Officer, the Chief Financial Officer, The VP of Corporate Finance, the General Counsel, and certain other designated individuals under the direct supervision of the Chief Financial Officer are the only people who are authorized to speak with analysts and to speak with members of the financial press. Any employee other than those identified above who is contacted by an analyst or member of the financial press should immediately ask what the communication is regarding and find out from the financial reporter or analyst when and where he or she can be reached. The employee should then **immediately** refer this information, **in writing**, to the Director of Corporate Finance so that he or she may contact the financial reporter or analyst. It is important that employee **not divulge** any substantive information to the analyst or financial reporter. Employees should gather only enough information so that the Director of Corporate Finance or his designate may efficiently contact the analyst or financial reporter.

After any communication with either an analyst or a member of the financial press, employees should make a log and record of such communication. The log should include:

- (i) the time and date of communication;
- (ii) the method of communication (*i.e.*, on the phone, in writing, etc.);
- (iii) a summary of any and all information disclosed to the analyst or financial reporter;
- (iv) copies of any written materials given to the analyst or financial reporter; and any other relevant information.

### Release of Information to and Communications with Shareholders

1. **Scope, Purpose and Procedure.** Grande Communications values its relationships with all of its shareholders. Any communication from a shareholder or potential investor requesting information relating to the Company should be forwarded to Grande Communications' Finance Department for proper handling.
2. **Additional Prior Clearance Necessary for "Material" Information.** Communications involving "material" information are also subject to the policies, procedures

and guidelines set forth below in the "Release of Material Information" section.

### **Release of Advertising and Marketing Information**

1. **Scope and Purpose.** One of the goals of Grande Communications is to develop effective advertising that fully complies with all applicable laws.
2. **Procedures and Guidelines.**
  - a. **General Procedures and Guidelines.** To better ensure that all of Grande Communications' advertising meets its goals, each advertisement will be reviewed and approved by both the Marketing Department and the Legal Department. Each advertisement should be submitted to the Marketing Department and the Legal Department with all necessary permissions, sign-offs, disclaimers and substantiation.
  - b. **Prior Substantiation.** Before dissemination of an advertisement, an advertiser must have a "reasonable basis" for believing that each express and implied claim is true. The Legal Department and Marketing Department will work together with sales to establish that appropriate prior substantiation exists for every claim made in any advertisement or marketing material.
3. **Procedures and Guidelines Governing Sweepstakes and Contests.**
  - a. **Sweepstakes versus Lotteries.** A lottery is a contest in which all of the following are present: 1) consideration, 2) chance, and 3) a prize. (Consideration is payment or contribution of something of value.) Except for those conducted by many state governments, lotteries are generally illegal under federal and state law. If the contestant does not have to pay a fee or do anything substantial to enter, the element of "consideration" is missing and the contest is usually considered a legal sweepstakes.
  - b. **Review of Sweepstakes.** Because of the many and differing laws governing sweepstakes, the Legal Department and Marketing Department must be provided with the opportunity to review the terms of any sweepstakes before it is disseminated.

## Release of Information on Grande Communications' Web Site

1. **Scope and Purpose.** Information posted on the Company's web site can be as much a source of potential liability as information released by other means. Accordingly, the same procedures and guidelines that apply to "formal" disclosures (e.g., SEC filings, press releases, advertisements, etc.) generally also apply to posting information on web sites. However, because web site releases present additional challenges and concerns not posed by traditional forms of communicating information, the posting of Company information on the Company web site also will be subject to the additional procedures and guidelines set forth below.
2. **Procedures and Guidelines.** The following procedures and guidelines are to be followed when releasing or posting information on the Company web site.
  - a. **Prior Review.** To avoid inappropriate disclosures and to ensure "safe harbor" protection where applicable, all information proposed to be posted on the web site and all subsequent monitoring and updating of information must be reviewed and approved in advance by a member of the Legal Department and, if the information proposed to be posted is financial in nature, by the Chief Financial Officer and the VP of Corporate Finance. This review will focus on securities law issues as well as consistency, accuracy and substantiation. Disclosures containing "material" information are also subject to the policies and guidelines set forth in the "Release of Material Information" section below.
  - b. **Use of Safe Harbor Language.** Forward-looking statements should be avoided to the extent possible and, where not possible, "safe harbor" language should be used. See the "Release of Material Information" section.
  - c. **Periodic Review and Updating.** It should be noted that the "duty to update" (discussed in the "Release of Material Information" section below) might also apply in the context of information posted on the Company's web site. Accordingly, in addition to reviewing materials prior to posting on the web site, information already posted should be periodically examined by Investor Relations for continued accuracy. Also, all information posted on the web should clearly indicate the date on which it was posted.

- d. **Selective Posting.** Press releases (and other "formal" disclosure documents posted on the site) should not be selectively posted. In other words, the Company should not post only the "good" press releases.
- e. **Press Release Disclaimer.** The following disclaimer should follow posted press releases:
  - "(1) The information in the press release should not be deemed accurate or current except as of the date the release was posted;
  - (2) The Company has no intention of updating, and specifically disclaims any duty to update, the information in the press releases; and
  - (3) To the extent the information is forward-looking, it is intended to fit within the safe harbor for forward-looking information, and is subject to material risk factors."

#### **Release of Material Information**

- 1. **Scope and Purpose.** The release of material information is subject to specific legal requirements. For this and other reasons, the Company must carefully consider the timing of such releases as well as the method used to release material information. Accordingly, the following procedures and guidelines govern *any* communication, regardless of the form, medium or intended audience (i.e., press releases, advertisements, speeches, employee bulletins and other communications, road show presentations, media interviews, shareholder communications, analyst conferences, web site materials, etc.) that contains "material information" concerning the Company or its operations or affairs.
- 2. **Disclosures Must Be Accurate and Complete.** Any disclosure of "material information" must be accurate and complete. Disclosures must be factual, clear, succinct and accurate so that they may not later be alleged to be misleading. Disclosures also must include all material information relating to the matter being disclosed. In other words, disclosures should tell the "whole truth" about the information being disclosed. All facts necessary to give a full understanding of the matter must be disclosed, because statements that are literally true may be misleading if they omit essential facts. Half-truths are actionable under the federal and state securities laws as misrepresentations. The individual responsible for preparing, presenting and/or issuing a communication is responsible for the accuracy and completeness of the information being disclosed.

3. **Disclosures must be supported.** Disclosures (or any portion of a disclosure) stated as an opinion - e.g., "we believe that the xyz product will be well received by the market" - must have a reasonable basis and support. The support for any opinion or belief stated in a disclosure should be documented at the time the disclosure is made, and such support should thereafter be maintained in the Company files.
4. Generally, **all disclosures must be widely disseminated and not selectively disclosed.** Disclosures of previously non-public, material information must be widely disseminated through press releases and not selectively disclosed.

**Under limited circumstances, which must be approved in advance by the Corporate Compliance Officer, limited dissemination of material non-public information may be appropriate. Under those circumstances, unless the party receiving the information owes a duty of trust to the Company (e.g., lawyer, banker, accountant, investment broker, etc.), the recipient must exercise a confidentiality agreement.**

5. **Guidelines for Written and Oral Disclosures of Forward-Looking Information.** All forward-looking data, information or statements contained in any disclosure should be clearly identified as such. In written communications this can be done a number ways, including using asterisks, footnotes and/or identifying terms or phrases. Identifying forward-looking information in oral disclosures is a bit more difficult and sometimes awkward. Individuals making oral or written disclosures of material, forward-looking information should work with a member of the Legal Department to craft the most practical and effective way to identify the forward-looking information being disclosed in the subject communication. The basis and support for all forward-looking statements must be documented and maintained in a separate file for future reference.

**Additional Guidelines for Written Disclosures**

Any written disclosure containing forward-looking information or statements must also contain or include the Company's safe-harbor paragraph. The safe-harbor paragraph should contain meaningful cautionary statements that identify the important factors that could cause actual results to differ materially from those predicted. The safe harbor paragraph should not be merely a "boilerplate" warning. It should be tailored to the

particular forward -looking statement being made and should therefore describe what factors or circumstances could realistically cause the projected results or events not to occur or be realized. Therefore, any person desiring to disclose forward-looking information in a press release or other form of disclosure should consult with a member of the Company's Legal Department so that an appropriate safe harbor paragraph can be drafted to accompany the forward-looking disclosure.

**Additional Guidelines for Oral Disclosures**

To obtain the benefits of the safe harbor to the greatest practicable extent, the call, interview or speech should begin with an opening statement that seeks to invoke the safe harbor. In this opening statement, the speaker should clearly state "actual results might differ materially from those projected in any forward-looking statement included in the subsequent discussion." The speaker should also advise the participants that additional information concerning factors that could cause actual results to materially differ is contained in a readily available written document. The speaker should identify the readily available document, and the information contained in that document must meet the standard for meaningful cautionary statements. For this purpose, any document filed with the SEC or generally disseminated is considered "readily available." **Example:** By now you all should have seen our press release and associated financial information. In addition to reviewing our [\_\_\_\_\_] quarter and [\_\_\_\_\_] -month results, some of our comments today may include forward -looking statements. Please keep in mind that the actual results could differ materially from those projected in any of our forward -looking statements, and we have provided additional information in today's press release and in our Form 10-K for fiscal year 200\_ and our Form 10-Q for \_\_\_\_\_, [200\_] concerning factors that could cause this to occur.

6. **Prior Clearance of Communications Containing Material Information.**

All disclosures of "material" information concerning the Company or its operations or affairs must be reviewed **before release or other public dissemination** by the Legal Department. All communications containing financial data or information must also be reviewed and approved by the Chief Financial Officer, one member of the Audit Committee and the Director for Corporate Finance before release.

**Accidental Disclosures; Rumors**

1. **Procedure To Address the Accidental Disclosure of Sensitive Information.** Any person who feels that there is even a possibility that he or she has disclosed information **that is not public knowledge** to an analyst, financial reporter or other person, should immediately contact the Legal Department. This procedure is necessary to protect both the individual and the Company from liability under the federal securities laws.
2. **Commenting on or Correcting Market Rumors or Speculation.** The federal securities laws generally do not require the Company to correct, verify or otherwise comment on rumors or speculation in the marketplace about the Company, unless those rumors can be attributed to the Company. Therefore, the Company's policy is generally to take a **"no comment"** approach to market rumors or speculation that are not attributable to the Company. However, in certain cases, it may be necessary to respond to such rumors. Accordingly, all inquiries about and/or requests to respond to market rumors and speculation about the Company should immediately be brought to the attention of the Company's **Chief Financial Officer and Vice President of Corporate Finance**, who will determine whether the Company should make any comment concerning the rumor.

#### **Your Responsibilities**

- **Refer** media requests for information of any type to the CFO, Director of Corporate Finance, and Legal Department, as applicable, for handling and reply.
- **Refer** inquiries regarding current or former employees, other than by the news media, to the People and Culture department.

**For further information on the Dissemination of Corporate Information consult the Legal Department.**

## **CONCLUSION**

Grande's Corporate Compliance Policy reflects our commitment to our Value System and the highest standards of legal and ethical business conduct. The policy does not contain all Company policies or include all details regarding any policy. Rather, the policy sets forth the fundamental legal and ethical principles for conducting all aspects of Company business. This policy is intended to serve as a guideline that will assist our employees in living the Value System and making ethical and lawful decisions in the conduct of our business.

We expect you to maintain your familiarity with and understanding of the principles outlined in this policy. If you have questions, consult with our Corporate Compliance Officer or the Legal office.