

**CORPORATE GOVERNANCE GUIDELINES
OF
THOMAS NELSON, INC.**

The Board of Directors is committed to achieving business success and enhancing long-term shareholder value while maintaining the highest standards of responsibility, ethics and integrity. In that regard, the Board has adopted these principles to provide an effective corporate governance framework for the Company, thereby intending to reflect a set of core values that provide the foundation for the Company's governance and management systems and its interactions with others.

Role of Board of Directors and Management

The Board oversees management who is expected to operate the Company's business with the highest standards of responsibility, ethics and integrity. To satisfy their respective responsibilities, the directors and members of senior management shall take a proactive, focused approach to their positions, and shall set standards to ensure that the Company is committed to business success through maintaining these standards.

Furthermore, the Board also expects each director and each member of senior management to act ethically at all times and to adhere to the policies, as well as the spirit, expressed in the Company's Code of Business Conduct and Ethics. In the absence of exceptional circumstances, the Board will not permit any waiver of any provision of that code for any director or executive officer.

Responsibilities of the Board of Directors - The Board of Directors shall be responsible for overseeing the conduct of the Company's business and to act in the best interests of the Company and its shareholders. In carrying out their oversight duty, the Board's primary functions shall include:

- (a) *Management planning and oversight:* Selecting, evaluating and compensating the Chief Executive Officer (CEO) and planning for CEO succession (as described below); overseeing of the selection, evaluation and compensation of, and succession planning for, other members of senior management; and approving the appointment and compensation of senior executive officers.
- (b) *Strategic and operational planning:* Reviewing and approving long-term strategic plans and annual operating plans, and monitoring the implementation and execution of those plans.
- (c) *Major corporate actions:* Reviewing and approving material financial and business transactions and other major corporate actions which require Board action.
- (d) *Financial reporting:* Reviewing publicly disclosed financial statements and related reports, and monitoring the adequacy of the Company's financial and other internal controls, processes and procedures designed to ensure the integrity

of the Company's internal control and financial reporting systems and the conformity of the financial statements to generally accepted accounting principles.

- (e) *Governance, compliance and risk management*: Reviewing and monitoring governance and compliance policies and risk management programs.

Responsibilities of Management – Management shall be responsible for conducting the Company's business and affairs in an effective, responsible and ethical manner, subject to the oversight of the Board. In carrying out that duty, the responsibilities of management include the following:

- (a) *Organizing management*: Selecting management and implementing an organizational structure that is appropriate for the Company's operations and culture.
- (b) *Strategic and operational planning and implementation*: Developing long-term strategic plans and annual operating plans, presenting those plans to the Board, implementing and executing approved plans, and recommending and executing changes to those plans as necessary.
- (c) *Managing risk*: Identifying and managing the risks that the Company undertakes in the course of carrying out its business and managing the Company's overall risk profile.
- (d) *Financial reporting*: Preparing the Company's financial statements and reports and maintaining a system of internal accounting and financial and disclosure controls that allow the Company to record and report information in a timely and accurate manner and produce financial statements and other disclosures that fairly present the Company's financial condition and results of operations in accordance with generally accepted accounting principles.

Board Composition and Structure

The number of directors constituting the full Board shall be determined from time to time by the Board within the limits prescribed by the Company's charter and bylaws.

Director qualifications - There shall be at least a majority of independent directors on the Board who meet the independence requirements of the applicable provisions of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. The consideration of a candidate as a director will include the Nominating and Corporate Governance Committee's assessment of the individual's background, skills and abilities, and whether such characteristics are consistent with the Company's Corporate Governance Guidelines and fulfill the needs of the Board at that time. The Nominating and Corporate Governance Committee may adopt such procedures and criteria not inconsistent with these Corporate Governance Guidelines as it considers advisable for the assessment of director candidates. The Board should monitor the mix of experience, expertise,

diversity, skills and time availability of its directors so that the Board has the necessary tools to perform its oversight function effectively.

Whenever a vacancy occurs in the Board, either because of a newly-created director position or the removal or retirement of an existing director, the Board, acting on the recommendations of the Nominating and Corporate Governance Committee, may select a person to fill the vacancy and that person shall serve as a director until the next annual meeting of shareholders, at which time such person (or another Board nominee) shall be submitted to the shareholders for election to the Board.

Retirement or Withdrawal of Directors; Conflicting Commitments - The Board believes that a director's contributions to the Board and the director's ability to continue to contribute productively should be considered by the Nominating and Corporate Governance Committee each time a director is considered for nomination.

The Board recognizes that it is important for the Board to balance the benefits of continuity with the benefits of fresh viewpoints and experience. The Board does not believe that it should establish term limits for its members. While term limits could help ensure that there are new ideas and viewpoints available to the Board, the Board recognizes the value of continuity of directors who have experience with the Company and who have gained over a period of time a level of understanding about the Company and its operations that enable the director to make a significant contribution to the deliberations of the Board. The Board believes as an alternative to term limits, it can ensure that the Board continues to evolve and consider new viewpoints through the Company's Board evaluation and nomination processes and by virtue of a mandatory retirement age of 70.

It is the responsibility of each director to ensure that other commitments do not conflict or materially interfere with the director's responsibilities to the Company. If a director has any concerns about whether serving as a director of another company might conflict with his or her duties to the Company, the director should consult the Chairman of the Board in advance of accepting an invitation to serve on the other company's board and should inform the chairman of the Nominating and Corporate Governance Committee in writing of the outcome.

Directors are expected to report changes in their primary business or professional status, including retirement, to the Chairman of the Board and to the chairman of the Nominating and Corporate Governance Committee.

Director Orientation and Education - The Company's management shall provide new directors with materials, briefings and additional educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. Board members are also encouraged to visit the Company's facilities and to meet with the Company employees throughout their tenure on the Board. In addition, Board members are encouraged to attend accredited director education programs. The Company will reimburse a director for any out-of-pocket expenses incurred consistent with the Company's expense policies in connection with approved director education programs.

Positions of Chairman and CEO; Presiding Director - The Board selects the Company's Chairman of the Board and its CEO in the manner that it determines to be in the best interests of the Company's shareholders. If the positions of the Chairman of the Board and CEO are held by the same person, or if the Chairman is otherwise employed by the Company, then the chairman of the Nominating and Corporate Governance Committee (as such position is filled from time to time) shall serve as the Presiding Director. The principal responsibility of the Presiding Director shall be to chair the executive sessions of the non-employee directors (as described below) and to perform such other roles and responsibilities as may be assigned from time to time by the Nominating and Corporate Governance Committee or the full Board.

If, at any time, the chairman of the Nominating and Corporate Governance Committee is unable or unwilling to serve as the Presiding Director (or, in connection with any meeting, is absent or otherwise unable to perform the duties of Presiding Director at such meeting), then the most senior independent director (based on length of service on the Board) shall fulfill the duties and responsibilities of the Presiding Director until such time as the chairman of the Nominating and Corporate Governance Committee is again able and willing to perform those duties and responsibilities.

Conduct of Board Meetings

Number of Meetings and Attendance - The Board shall be responsible for determining the appropriate number of regular meetings to hold each fiscal year, but under no circumstances shall it have less than four meetings of the full Board in any fiscal year. Each director is expected to attend all regular meetings of the Board and of the committees of which he or she is a member, and is expected to make every effort to attend any specially called Board or committee meeting. Each director is strongly encouraged to attend the Company's annual meeting of shareholders.

Except for the executive sessions of non-employee directors (as discussed below) and unless otherwise requested by the Board, the CEO, President and Chief Financial Officer shall attend all Board meetings. In addition, the Chairman may request other members of management to attend all or portions of Board meetings for discussion purposes or to make appropriate presentations.

Meeting Agenda - The Board shall be responsible for its agenda, and each director is encouraged to suggest agenda items to the Chairman or, if applicable, the Presiding Director at any time.

Pre-Meeting Materials - Prior to each regularly scheduled Board meeting, the Chairman with the assistance of management shall distribute appropriate written materials relating to the substantive agenda items to be discussed at that meeting (unless confidentiality or sensitivity concerns suggest that materials be distributed only at the meeting). Each director is encouraged to offer suggestions to either the Chairman or, if applicable, the Presiding Director regarding the nature or extent of information or materials that are regularly distributed in advance of Board meetings.

Executive Sessions of Non-Employee Directors - The directors who are not also Company employees shall hold "executive sessions" in which they meet without the directors who are Company employees. Generally, an executive session of the non-employee directors shall be a standing agenda item at each regular meeting of the Board and, in addition, may be called at any

time by the Presiding Director or at the request of a majority of the non-employee directors. The agenda for each executive session of the non-employee directors shall be determined by the Chairman (or the Presiding Director).

Committees of the Board

Standing Committees - The Board shall maintain an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee to assist it in discharging its oversight responsibilities. The Board may convene other standing or special committees as it deems appropriate.

The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee shall be governed by a written charter approved by the full Board. Each committee shall review its charter at least annually and shall report the results of such review (including any recommended changes) to the full Board.

Membership - The membership of each committee (including the number and identity of directors comprising the committee and the director designated to serve as committee chairman) shall be determined by the full Board, acting with the recommendations of the Nominating and Corporate Governance Committee.

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be comprised entirely of directors who meet the independence and other requirements of the applicable provisions of the Exchange Act, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. Additionally, no former employee of the Company shall be a member of the Audit Committee, the Compensation Committee or the Nominating and Corporate Governance Committee.

Conduct of Committee Meetings - Within the confines of its purpose (as stated in its charter), each committee shall be responsible for determining the frequency and length of committee meetings and the agenda of items to be discussed. The committee chairman, in consultation with appropriate members of management, shall develop the agenda for each meeting and shall cause appropriate written materials to be prepared and distributed prior to the meeting. The committee chairman, generally with the assistance of the Secretary, shall be responsible for ensuring minutes of each committee meeting are properly recorded, and the Secretary shall incorporate these minutes into the official Board minute book. The committee chairman shall be responsible for apprising the full Board on a regular basis of all committee proceedings, determinations and recommendations.

Any director shall be entitled to attend the meeting of any committee, regardless of whether he or she is a member of that committee. Unless otherwise requested by the committee chairman, appropriate members of management shall also attend committee meetings for discussion purposes or to make appropriate presentations.

Board Compensation

The Board, through the Compensation Committee, will periodically review, or request management or outside consultants to review, appropriate compensation policies for the directors

serving on the Board and its committees. The Compensation Committee will consider contributions to Board functions, service as committee chairmen and such other factors as it may deem appropriate. Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, with the concurrence of the Nominating and Corporate Governance Committee, and with discussion and concurrence by the Board.

Performance Evaluation; Succession Planning

Annual Board Self-Evaluation - The Board will conduct an annual self-evaluation to determine whether the Board and each of its committees are functioning effectively. These evaluations will be led by the Nominating and Corporate Governance Committee and will be reviewed and discussed with the full Board.

Annual CEO Evaluation - The independent directors will conduct a review at least annually of the performance of the CEO. The independent directors will establish the evaluation process on which the performance of the CEO is evaluated.

Succession Planning - As part of the annual CEO evaluation process, the independent directors will work with the CEO to plan for such person's succession and to develop plans for interim succession for the CEO in the event of an unexpected occurrence.

Access to Management and Advisors

The Board shall have complete access to all Company officers and employees. Any meetings or contacts that a director desires to initiate may be arranged directly by the director or through the CEO or another executive officer.

The Board welcomes input from management at Board meetings. The Board also encourages management to identify any personnel who can provide additional insight into the items being discussed because of personal involvement or who have potential that management believes should be given exposure to the Board.

The Board and its committees, as well as the non-employee directors acting in executive session, may retain independent outside financial, legal or other advisors as deemed necessary or appropriate at the Company's expense.

Shareholder Communications with the Board of Directors

Shareholders may communicate with any of the Company's directors, including the chair of any of the committees of the Board and the Presiding Director, by writing to them c/o Thomas Nelson, Inc., 501 Nelson Place, P.O. Box 141000, Nashville, Tennessee 37214-1000.