

NEUTRAL TANDEM, INC. CORPORATE GOVERNANCE GUIDELINES

Neutral Tandem, Inc. (the “Company”) is committed to developing effective, transparent and accountable corporate governance practices. These Corporate Governance Guidelines (“Guidelines”) were approved by the Company’s Board of Directors as a set of guiding principles by which the affairs of the Company will be governed. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations.

These Guidelines do not change or interpret the Company’s bylaws, certificate of incorporation or any other governing documents, including, without limitation, the charters of any Committee of the Board of Directors. These Guidelines are not intended to change or augment the obligations of the Company or its directors or management under the federal securities laws or rules and regulations of the applicable stock exchange on which the Company’s securities are then listed or to create new standards for determining whether directors or management have fulfilled their duties, including fiduciary duties under applicable law.

These Guidelines are subject to modification by the Board based on recommendations from the Nominating and Corporate Governance Committee.

1. BOARD RESPONSIBILITIES

(a) Responsibilities of the Board

The business of the Company is conducted by management under the direction of the Chief Executive Officer. The Board’s responsibility is to oversee, on behalf of stockholders, the conduct of the Company’s business, to provide advice and counsel to the Chief Executive Officer and senior management, to protect the Company’s best interests and to foster the creation of long-term value for stockholders.

Among other things, the Board’s decision-making responsibilities include:

- (i) Review and approval of the Company’s plans, strategies, objectives and policies, as developed by the Chief Executive Officer and senior management;
- (ii) Approval of director candidates recommended by the Nominating and Corporate Governance Committee for election by stockholders at the Annual Meeting; and
- (iii) Approval of material investments or divestitures, strategic transactions and other significant transactions not in the ordinary course of the Company’s business.

Among other things, the Board’s oversight responsibilities include monitoring:

- (i) The Company’s performance in relation to its plans, strategies, financial and non-financial objectives;
- (ii) The performance and effectiveness of the Company’s management team;
- (iii) Succession and development plans for key Company executives, including the Chief Executive Officer;

- (iv) The various Committees of the Board of Directors
- (v) Through the Audit Committee, evaluating the integrity of the Company's accounting and financial reporting systems, including the audit of the Company's annual financial statements by the independent auditors, and that appropriate systems of control are in place. The Audit Committee reports to the Board on a regular basis and the Board, upon the recommendation of the Audit Committee, takes the actions that are necessary to ensure the integrity of the Company's accounting and financial reporting systems and that appropriate controls are in place; and
- (vi) The Company's compliance with legal and regulatory requirements.

In carrying out their responsibilities, Board members will exercise their business judgment and act in ways that they reasonably believe will serve the best interests of the Company and its stockholders. As appropriate, the Board may also consider the interests of other stakeholders, including employees, customers and the members of the communities in which the Company operates.

(b) Expectations of Board Members

Board members are expected to:

- (i) Become and remain informed about the Company, its business and its industry;
- (ii) Attend all meetings of the Board and of Board committees on which they serve, having read and considered any materials distributed in advance of the meeting; and
- (iii) Participate constructively in Board and committee meetings, drawing upon their individual experience, knowledge and background, as appropriate, to provide perspectives and insights.

2. BOARD OPERATIONS

(a) Board Size

Subject to the conditions outlined in the Company's bylaws and certificate of incorporation, the number of directors which shall constitute the Board of Directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the total number of directors then in office.

(b) Board Independence

It is the Board's policy that a majority of the directors will be "independent" as that term is defined in the listing standards of The Nasdaq Stock Market, Inc. ("Nasdaq") (Marketplace Rule 4200). The Board may also examine other factors that will contribute to effective oversight and decision-making by the Board, provided, however, that so long as the Company is subject to Nasdaq rules and regulations, the Company will meet any requirements therein, including with respect to director independence.

(c) Board Meetings

The Board holds at least four regular meetings each year and may hold additional or special meetings whenever necessary. Regular Board meetings are generally held in person, although Board members may participate by conference call. Special meetings may be held either in person or by conference call. The Board may also act by unanimous written consent.

(d) Board Agendas

In preparation for meetings of the Board, the Chairman (in consultation with the Chief Executive Officer, if such positions are held separately), with support from the Secretary of the Company and such other officers as the Chief Executive Officer or Secretary shall designate, shall disseminate to directors on a timely basis briefing materials regarding matters to be included in the meeting agenda, as well as minutes from prior meetings and any written reports by committees. Each Board member may suggest inclusion of items on the agenda and raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

(e) Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable and appropriate, be distributed sufficiently in advance of the meeting to permit prior review by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

(f) Board Committees

The Board currently has the following standing committees: Audit Committee, Nominating and Corporate Governance Committee and Compensation Committee. The committees' charters are posted on the Company's website. From time to time the Board may form a new committee or disband a current committee depending on the circumstances. Each committee will comply with the independence and other requirements established by applicable law and regulations, including Securities and Exchange Commission and NASDAQ rules, within any required timeframes.

The Nominating and Corporate Governance Committee may make recommendations to the Board relative to committee members and chairmen consistent with the membership criteria outlined in the applicable committee charter. Committee appointments are subject to approval of the majority of the full Board. The Board may replace any committee chairs or members or add additional members to a Board committee at any time during the year.

Members of all standing committees are appointed by the Board. The Board determines the exact number of members and can at any time remove or replace a committee member. The chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.

(g) Separate Sessions of Independent Directors

NASDAQ rules require independent Board members to meet in regularly scheduled executive sessions without non-independent directors. The Board's policy is to hold executive sessions without the presence of management, including the Chief Executive Officer and other non-independent directors in connection with each regularly scheduled Board meeting or as is otherwise required by NASDAQ rule or

regulation, and at other times as necessary. Committees of the Board may also meet in executive session as deemed appropriate.

3. DIRECTOR QUALIFICATIONS AND BOARD COMPOSITION

(a) Director Criteria

The Company seeks to align Board composition with the Company's strategic direction so that Board members bring skill, experience and backgrounds that are relevant to the key strategic and operational issues that they will oversee and approve. Director candidates are typically selected based upon their character, track record of accomplishment in leadership roles, as well as their professional and corporate expertise, skills and experience. Criteria that are typically considered by the Board in the selection of directors include:

- (i) the independence, judgment, strength of character, reputation in the business community, ethics and integrity of the individual;
- (ii) the business or other relevant experience, skills and knowledge that the individual may have that will enable him/her to provide effective oversight of the Company's business;
- (iii) the fit of the individual's skill set and personality with those of the other Board members so as to build a Board that works together effectively and constructively; and
- (iv) the individual's ability to devote sufficient time to carry out his or her responsibilities as a director in light of his/her occupation and the number of boards of directors of other public companies on which he or she serves.

(b) Regulatory Requirements

The Nominating and Corporate Governance Committee reviews Board and committee composition at least annually to ensure that the Company complies with NASDAQ and any other regulatory requirements. In so doing, the Nominating and Corporate Governance Committee conducts a review of the independence of all members of the Board for the purposes of determining whether Board members are "independent" under applicable NASDAQ rules and regulations. Board members must notify the Chairman of the Nominating and Corporate Governance Committee, as soon as practicable, in the event that their circumstances change in a manner that may impact the committee's view of their independence.

(c) Nominating Process

The nominating process outlined herein applies only with respect to the nomination of director candidates who will be presented to the Company's stockholders for election at the Annual Meeting, if any. Where a third party has the right to nominate one or more directors to the Company's Board, the selection and nomination of such directors need not be subject to this process.

- (i) The Nominating and Corporate Governance Committee is responsible for screening and recommending to the Board nominees for election as directors of the Company, including nominees recommended by stockholders of the

Company. When formulating its Board membership recommendations, the Nominating and Corporate Governance Committee will consider advice and recommendations from shareholders, management, and others as it deems appropriate, and will also take into account the performance of incumbent directors in determining whether to recommend them to stand for reelection at the annual meeting of stockholders.

- (ii) After the completion of interviews (including, as appropriate, with other Board members, the Chief Executive Officer and other members of senior management) and reference checks of identified candidates, the Nominating and Corporate Governance Committee will meet in person or by conference call to discuss and make recommendations to the Board with respect to the candidates. The full Board will then vote on the committee's recommendations. Those candidates approved by a majority of the Board shall be nominated for election by the Company's stockholders at the next Annual Meeting.

The Chairman and Chief Executive Officer of the Company will contact any candidate(s) so approved, invite them to attend the Company's Annual Meeting and to join the Board at its first meeting thereafter, if they are elected by the Company's stockholders at the Annual Meeting. In the case of a Board candidate appointed between Annual Meetings, the same nominating process will generally apply except that the approved candidate will be invited to join the Board at its next meeting after his/her approval by the Board and will stand for election by stockholders at the first Annual Meeting thereafter.

(d) Director Terms

Directors elected by stockholders shall be elected annually and shall serve for a term of one year, subject to re-nomination on the recommendation of the Nominating and Corporate Governance Committee and approval by the majority of the Board. Directors who are appointed by third parties having the right to appoint one or more Board members shall be subject to the terms of appointment established by such third party pursuant to its legal rights with the Company.

Additionally, as each director must be re-elected by stockholders at the expiration of their terms, the Board does not currently believe that it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they could cause the Board to lose the contribution of directors who over time have developed increasing insight into the Company and its operations and therefore provide an increasing contribution to the Board as a whole. However, in connection with evaluating recommendations for nomination for re-election, the Nominating and Corporate Governance Committee may consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains openness to new ideas.

(e) Change of Position

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Promptly following such event, the director must notify the Nominating and Corporate Governance Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Nominating and Corporate Governance Committee's recommendation following such review.

(f) Limitations on Board Service

The Board does not believe that its members should generally be prohibited from serving on boards and/or committees of other organizations, and the Board has not adopted any guidelines limiting such activities. However, prior to becoming a director of another public company, a director shall notify the Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board and Chief Executive Officer to address whether the aggregate number of directorships held by such director would interfere with his or her ability to carry out his or her responsibilities as a director of the Company. (Additionally, the Audit Committee will be informed if there is concern that any directorship with another company might create a conflict of interest.) In the event that the Board determines that the additional directorship constitutes a conflict of interest or interferes with such director's ability to carry out his or her responsibilities as a director of the Company, such director, upon the request of the Board, shall either offer his or her resignation or not accept the other directorship.

4. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

(a) Access to Management

Directors shall have full and unrestricted access to any relevant Company records and may request that any officer or other employee of the Company or the Company's outside counsel or accountants meet with any members of, or consultants to the Board or any committee. As a courtesy, directors will exercise their judgment to ensure that this access does not impede or interfere with the conduct of the Company's business and is coordinated, where possible, through the Chief Executive Officer so as not to undermine normal lines of management authority.

(b) Access to Independent Advisors

In their sole discretion, the Board and each of its committees shall have the sole authority and responsibility to select, employ, retain and terminate any financial, legal, executive search, consulting and other professional advisors as they deem necessary or appropriate to assist in the discharge of their responsibilities. The Company shall pay the professional fees and reasonable expenses of any such independent advisors retained by the Board or any of its committees.

5. DIRECTOR COMPENSATION

The Compensation Committee shall establish the amount and form of compensation to be paid to Company directors. In making its recommendations, the Compensation Committee shall consider the director compensation policies at the Company's competitors and other comparable companies to ensure that the total compensation the Company pays to its directors is reasonable. The Board shall review its directors' compensation policy annually. Members of management who are also members of the Board shall not receive any additional compensation for their service as directors, committee members or committee chairmen.

6. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

(a) Director Orientation

Upon election to the Board by stockholders or appointment by any third party having the right to appoint directors to the Company's Board, new directors will participate in an orientation session designed jointly by the Nominating and Corporate Governance Committee, the Chief Executive Officer and the Company's senior management.

(b) Continuing Education

Management shall make presentations to or arrange educational programs for the Board on different aspects of the business of the Company, which may include business strategy, risk management, financial reporting, products and services, industry trends and developments, corporate governance and other relevant topics. Such presentations or sessions may be provided by management on its own initiative or at the request of, or in conjunction with, the Nominating and Corporate Governance Committee. Directors are also encouraged to take advantage of any other available educational opportunities that would further their understanding of the business of the Company and enhance their performance on the Board.

7. EXECUTIVE SUCCESSION PLANNING AND RETENTION

The Board will receive updates and recommendations from the Compensation Committee regarding retention and succession planning for the Chief Executive Officer and other key members of the Company's senior management team. The plan of succession includes an assessment of the experience, performance, skills and planned career paths for possible successors for the Chief Executive Officer position and other key executive roles. The Compensation Committee leads the annual review of Chief Executive Officer performance, in which all Board members provide input, and oversees the Chief Executive Officer's performance review of senior executives for purposes of compensation decisions, succession planning and leadership development.

8. BOARD AND COMMITTEE ASSESSMENT

The Board is committed to continuous improvement and conducts an annual self-assessment of the performance of the Board and each of the Board committees. The assessment process is led and coordinated by the Nominating and Corporate Governance Committee. The self-assessment is designed to identify areas where the Board and its committees are particularly effective and to surface opportunities for further enhancement. When the self-assessments have been completed, the results and any recommendations made by the Nominating and Corporate Governance Committee to further enhance the Board's functioning will be discussed by the full Board.

9. STOCKHOLDER ACCESS TO THE BOARD

(a) Communications to the Board of Directors

Stockholders and other interested parties may contact any member (or all members) of the Board by U.S. mail. Such correspondence should be sent c/o Corporate Secretary, Neutral Tandem, Inc., One South Wacker Drive, Suite 200, Chicago, Illinois 60606. Other methods by which a person may contact the Board may be forth on the Company's website.

All communications received as set forth in the preceding paragraph will be opened by the Corporate Secretary for the sole purpose of determining whether the contents represent a message to the Company's directors. The Corporate Secretary will forward copies of all correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the Board or its committees or that he or she otherwise determines requires the attention of any member, group or committee of the Board. The Corporate Secretary will not forward other correspondence.

(b) Stockholder Recommendations for Board Candidates

Stockholders wishing to recommend candidates to serve on the Company's Board may do so by sending to the attention of the Chairman of the Nominating and Corporate Governance Committee at the above address the following: The candidate's name, a detailed biography outlining the candidate's

relevant background, professional and business experience and other significant accomplishments, an acknowledgement from the candidate that he or she would be willing to serve on the Board, if elected, a statement by the stockholder outlining the reasons why this candidate's skills, experience and background would make a valuable contribution to the Board and a minimum of two references from individuals that have either worked with the candidate, served on a Board of Directors or Board of Trustees with the candidate, or can otherwise provide relevant perspective on the candidate's capabilities as a potential Board member.

The number of seats that are subject to stockholder election (which may be zero) and the deadline by which such recommendations must be received by the Chairman of the Nominating and Corporate Governance Committee will be published in the Company's annual proxy statement each year. Stockholder recommendations provided to the Chairman of the Nominating and Corporate Governance Committee within this timeframe will be reviewed by the Nominating and Corporate Governance Committee.

Effective: May 24, 2010