

# **AG&E HOLDINGS INC**

## **Corporate Governance Guidelines**

### **1. Director Qualifications**

The Board will have a majority of directors who meet the criteria for independence required by the NYSE-MKT. The Nominating & Governance Committee is responsible for reviewing with the Board the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Company. Nominees for directorship will be selected by the Nominating & Governance Committee. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating & Governance Committee and the Chairman of the Board.

The Board presently has four members. It is the sense of the Board this size is appropriate. However, the Board may be willing to go to a somewhat larger size in order to accommodate the availability of an outstanding candidate.

It is the sense of the Board that individual directors who materially change the business relations they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire or change from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances.

No director may serve on more than three other public company boards. Directors should advise the Chairman of the Board and the Chairman of the Nominating & Governance Committee in advance of accepting an invitation to serve on another public company board.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

### **2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Board has no policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination when it elects a new chief executive officer.

The Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The Board believes that the management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected that Board members would do this only with the knowledge of the management.

### **3.Board Committees**

The Board will have at all times an Audit Committee, Compensation Committee and a Nominating & Governance Committee. The majority of the members of these committees will be independent directors under the criteria established by the American Stock Exchange. Committee members will be appointed by the Board upon recommendation of the Nominating & Governance Committee with consideration of the desires of individual directors.

The Chairman of each committee, in consultation with the committee members and management, will determine the frequency and length of the committee meetings and will develop the committee's agenda.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

### **4.Director Access to Officers and Employees**

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chairman, Chief Financial Officer or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the Chairman on any written communications between a director and an officer or employee of the Company. Additionally, the Board may request the attendance of senior officers of the Company at its meetings.

## **5. Director Compensation**

The form and amount of director compensation will be determined by the recommendation of Management. Management will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into a material consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

## **6. Director Orientation and Continuing Education**

All new directors will be appropriately oriented to the Company's business and the Board's responsibilities within two months of the annual meeting at which new directors are elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its independent auditors. In addition, the orientation will include visits to Company headquarters and, to the extent practical, certain of the Company's other operations.

## **7. CEO Evaluation**

The Compensation Committee will conduct an annual review of the CEO's performance. The Board of Directors will review the Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.