

AMERICA SERVICE GROUP INC.

CORPORATE GOVERNANCE STANDARDS

The Board of Directors of America Service Group Inc., has adopted the following standards of corporate governance. These standards, together with the charters of the committees of the Board and other key practices of the Board, provide the basis for the governance of the Company.

The Board recognizes that there is an active, on-going public dialogue regarding corporate governance best practices. The Board believes that this dialogue will result in a better understanding of corporate governance and will reinforce the key practices of the Board. The Board will review the following standards and other aspects the Company's governance annually or more often if deemed necessary.

General Standards

The business of the Company is conducted by its employees and officers under the direction of the Company's Chief Executive Officer (CEO). The Board is elected by the stockholders of the Company to, among other things, oversee the CEO, assist in defining the direction and goals of the Company and to provide effective corporate governance to the Company.

The Board is the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The Board selects the CEO, who is charged with overseeing and directing the day-to-day business of the Company. The Board recognizes that the selection of the Company's CEO is among the most important decisions that it makes. Experience and integrity are important factors in the selection of the Company's CEO.

The core responsibility of directors is to exercise their business judgment in what they reasonably believe to be in the best interests of the Company. Directors are expected to fulfill their responsibilities in a manner consistent with their fiduciary duties to the stockholders and applicable law. In the exercise of these responsibilities, the Board may weigh and consider the interests of other constituencies of the Company, including but not limited to employees, physicians and healthcare providers at our clients' facilities, the communities in which our clients' facilities are located, the patients who receive care at our clients' facilities, our clients, regulatory agencies and the public at large.

Ethics and Conflicts of Interest

The Board expects its members, as well as the Company's officers and employees, to act ethically at all times and to acknowledge in writing their adherence to

the policies comprising the Company's Business Ethics Program. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman of the Audit Committee (when the conflict arises for the Chairman of the Audit Committee, he or she shall promptly inform the Chairman of the Board). If a significant conflict exists and cannot be resolved to the satisfaction of the Board, the director shall resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Audit Committee shall resolve any conflict of interest question involving a director or officer (or if the question involves the Chairman of the Audit Committee, the question shall be resolved by the entire Board).

Reporting of Accounting or Auditing Concerns

The Audit Committee of the Board has established the following procedures to deal with any concerns about the Company's financial reporting, accounting, internal accounting controls, or auditing matters.

Anyone who has a concern about the Company's financial reporting, accounting, internal accounting controls, or auditing matters is encouraged to communicate that concern to the Company. Such communications may be made in the manner set forth in the Company's Business Ethics Program Policy Manual, including by calling the Company's toll-free compliance hotline at 1-800-218-9114. Any such communications may be confidential or anonymous.

Concerns expressed with respect to the Company's financial reporting, accounting, internal accounting controls, or auditing matters will be promptly forwarded to the Company's Director of Internal Audit, the Company's Vice President – Ethics and Compliance, the Company's Chief Legal Officer and to the Chairman of the Audit Committee of the Board of Directors.

Concerns expressed with respect to Company's financial reporting, accounting, internal accounting controls, or auditing matters that are alleged to involve the Company's Director of Internal Audit will be forwarded to the Chairman of the Audit Committee of the Board of Directors, the Company's Vice President – Ethics and Compliance and to the Chief Legal Officer.

Any person who expresses concerns with respect to the Company's financial reporting, accounting, internal accounting controls, or auditing matters in any manner other than through the Company's compliance hotline, will be told that his or her concerns will be addressed as set forth above. He or she will also be told that he or she may remain anonymous to others and may speak directly with a member of the Board's Audit Committee.

The status of all such outstanding concerns shall be reported to the Audit Committee on at least a quarterly basis. The Audit Committee may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company will not retaliate or take any adverse action against any

employee for raising or helping to resolve any integrity concern. The Company shall notify the Audit Committee of any negative change in any condition of employment of an employee who has raised an integrity concern.

Regular Meetings of the Board

Members of the Board are expected to attend all meetings of the Board and of the committees on which they serve. Further, members of the Board are expected to devote the time and effort necessary to fulfill their responsibilities.

The Board will hold regularly scheduled meetings at least four times a year. The Chairman of the Board, if the Chairman is a non-employee director or otherwise the Chairman of the Corporate and Governance and Nominating Committee, in consultation with the CEO, will set the agenda for the Board meeting, but any director may suggest items for inclusion on the agenda of any meeting. Board agendas may be supplemented and issues not listed on a meeting agenda may be raised, at any time, by any member of the Board, to be heard at the current meeting (time permitting) or at a future meeting.

Prior to each regularly scheduled Board meeting, directors shall receive 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 the Chairman regarding the nature or extent of information or materials that are regularly distributed in advance of Board meetings.

The Board will review the Company's long-term strategic plans and the most significant business, financial, accounting and risk management issues and policies facing the Company at least annually.

Regular Meetings of the Independent Directors

The independent directors shall meet in executive session, without members of the Company's management present, on a regular basis, but at least twice each year. Normally, such meetings will take place at the time of regularly scheduled Board meetings, but can be called at any time. One of the independent directors shall serve as the presiding director at each such meeting of the independent directors. A meeting of the Governance and Nominating Committee may satisfy this requirement.

Size of Board

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 Certificate of Incorporation and Bylaws. In determining the number of directors constituting the full Board, the Board should consider, among other things, the size and breadth of the Company's business and well as its goals and needs.

Committees of the Board

The Board currently has the following standing committees, each of which currently consists entirely of independent directors; Audit; Incentive Stock and Compensation; and Corporate Governance and Nominating. The Board also has an Ethics and Quality Assurance Committee, chaired by an independent director. Although the Board believes that this committee structure best serves the Company, the Board may establish additional committees as it deems necessary or appropriate.

Directors who are not independent directors as that term is defined by NASDAQ, will not be members of standing committees, except for the Ethics and Quality Assurance Committee. Each of the standing committees has its own charter. The committee charters set forth the responsibilities of each committee, the qualifications and procedures of the committee and how the committee will report to the Board. Each committee will conduct an annual self-evaluation and will report the results of such evaluation to the Corporate Governance and Nominating Committee or, in the case of the Corporate Governance and Nominating Committee, to the Board. The Chairman of each committee, in consultation with the Chairman of the Board will determine the frequency of committee meetings, consistent with the committee's charter and the Company's needs. The Chairman of each committee, in consultation with the Chairman of the Board and 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.

Selection of Committee Members

At the first meeting of the Board following each annual meeting of the stockholders of the Company, the Corporate Governance and Nominating Committee, after consultation with the Chairman of the Board shall propose a list of committee assignments to the Board.

Length of Board Service; Resignations; Retirement Age

In accordance with the Company's Certification of Incorporation, directors are elected for a term of one year. The Board does not believe that arbitrary term limits on directors' services are appropriate, nor does it believe that directors should expect to be re-nominated until they reach the mandatory retirement age set for directors. To ensure that the Board remains composed of highly functioning members, however, the Corporate Governance and Nominating Committee shall evaluate the performance of each existing director before recommending to the Board is or her nomination for an additional term.

When an officer resigns who also serves as a director of the Company from his or her position as an officer, he or she shall also simultaneously submit his or her resignation from the Board. Whether the individual continues to serve on the Board is subject to the approval of the full Board. Similarly, when a Director undergoes any significant change in his or her professional circumstances, including a change in their

principal job responsibilities, he or she shall submit his or her resignation to the Board. Whether the individual continues to serve on the Board is a matter for discussion at that time with the Corporate Governance and Nominating Committee and the full Board.

It is the sense of the Board that at the time of a director's 75th birthday, such director shall submit his or her resignation from the Board. Whether the individual continues to serve on the Board is a matter for discussion at that time with the Corporate Governance and Nominating Committee and the full Board. It is also the sense of the Board that no individual shall be nominated for election to the Board if such director has reached the calendar year of his or her 65th birthday. The preceding sentence shall not apply if a director has served as a director in the election year immediately preceding the year for which the director is being considered for nomination. Notwithstanding the foregoing, this paragraph shall not apply to any director serving on the Board on the adoption date of these standards.

Limits on Service

Directors must be willing to devote sufficient time, energy and attention to carrying out their duties and responsibilities effectively. A director who also serves as a senior officer of a company or in equivalent positions should not serve on more than two boards of public companies in addition to the Board, and other directors should not serve on more than four other boards of public companies in addition to the Board. Senior officers of the Company must obtain approval from the full Board to accept directorships with any unaffiliated companies.

Qualification of Directors

We endeavor to have a Board representing diverse experience at policy-making levels in business, government, and healthcare, and in other areas that are relevant to the Company's activities. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders of the Company. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Further, directors should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.

The Corporate Governance and Nominating Committee shall review all nominees for the Board. This assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's business or related industries, and such other factors as such Committee concludes are pertinent in light of the current needs of the Board. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the board for an extended period of time. The Board believes that its membership should reflect a diversity of experience. The Corporate Governance and Nominating Committee will select qualified nominees and propose its recommendation to the Board.

Directors Access to Officers, Employees and Information

Directors have full and free access to the Company's officers, employees and its books and records. Independent directors are encouraged to contact executive management of the Company for any information.

The Board expects the regular attendance at Board meetings of non-Board members who are in executive management positions of the Company. The Chairman of the Board shall extend such invitations. Any director may request the attendance at a Board meeting of any member of the Company's executive management.

Director Independence

A majority of the Board shall be composed of independent directors. No director will be deemed independent unless the Board affirmatively determines that the director has no material relationship with the Company, directly or as an officer, stockholder or partner of an organization that has a material relationship with the Company and meets the independence requirements set forth in applicable law and by The Nasdaq Stock Market, Inc. ("Nasdaq") or any other securities exchange on which the Company's shares are traded.

Rider A:

Chairman of the Board

The Board of Directors has determined that the roles of Chairman of the Board and CEO should be separated. As a result, a non-employee director of the Company serves as Chairman of the Board. The Chairman is responsible for leading and managing the Board in the delivery of its duties. The Chairman of the Board is responsible for setting, in consultation with the CEO, the agenda for board meetings and consulting with the chairman of each committee of the board regarding the agenda for committee meetings and focus of each committee, chairing meetings of the Board and the executive sessions of independent directors (provided the Chairman of the Board is an independent director), serving as the board spokesperson, serving as resource and mentor to the CEO, coordinating and overseeing the quality, quantity and timeliness of information from management, and performing such other duties as the Board shall assign the Chairman from time to time. The Chairman maintains regular communication with the Board and management, particularly the CEO, and receives regular updates from the CEO regarding the Company's business, operations and such other information as the Chairman deems necessary and appropriate.

The Chairman attends committee meetings on an ex officio basis and will serve as a voting member of any committees of the Board to which the Board assigns him or her.

The Chairman works with the chairman of each committee to insure all information and processes are adequately communicated and will consult with the Corporate Governance

and Nominating Committee regarding committee structure and assignments. In addition, the Chairman will facilitate discussion regarding the results of the annual evaluation of the CEO, each director and each committee of the Board.

Director Attendance at Annual Stockholder Meetings

It is the Board's policy that, absent unusual or unforeseen circumstances, all directors of the Company should attend the Annual Meeting of the Company's stockholders.

Officers of the Company

The Board believes that the CEO should have the authority to select and supervise executive management of the Company. The Board will, however, provide counsel and oversight with respect to the selection, evaluation and development of the Company's executive management. As in the selection of the CEO, the Board expects that professional skill, experience and integrity, as well as the ability to work effectively as a team-member, will be important factors in the selection of the Company's executive management.

Succession Plan

The Corporate Governance and Nominating Committee shall, together with the Chairman of the Board and the CEO, prepare and maintain a succession plan for the Chairman of the Board, CEO and executive management. At least annually, this plan shall be discussed with the full Board.

Annual Review of the CEO

To ensure that the CEO is providing the best leadership for the Company, the Corporate Governance and Nominating Committee shall annually evaluate the CEO's performance and report its results to all independent directors for discussion. The Incentive Stock and Compensation Committee shall consider this report when it sets the compensation of the CEO.

Annual Board Performance Evaluation

The Corporate Governance and Nominating Committee shall lead an annual evaluation of itself, the full Board, each Board Committee and each director. The evaluation will be designed to determine whether the Board, its committees and each director are functioning effectively and meeting the high standards expected. The Corporate Governance and Nominating Committee shall solicit and receive a self-evaluation from each director and Committee. The evaluation will focus on the contribution made to the Company by the Board, its committees and each director and specifically focus on areas in which improvements could be made.

Access to Independent Advisors

The Board and its committees shall have the right at any time to retain independent outside financial, legal or other advisors at the Company's expense.

Compensation of Independent Directors

The Incentive Stock and Compensation Committee shall consider and propose to the Board compensation and benefits for independent directors. In discharging this duty, the Incentive Stock and Compensation shall be guided by three goals; (1) compensation should fairly pay directors for work required given the size and scope of the Company and its business; (2) compensation should align director's interests with the long-term interests of stockholders; and (3) the structure of the compensation should be simple, transparent and easy for stockholders to understand.

Director Orientation and Continuing Education

The Company, through the Chief Executive Officer, Chief Legal Officer and/or Chief Financial Officer, shall provide new directors with such materials and information about the Company as such officers reasonably determine a new director might need to perform his or her duties. In addition, such officers shall provide any materials or information requested by a new director. This information may be conveyed through presentations by executive management intended to familiarize new directors with the Company's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Business Ethics Program, its principal officers, and its internal and independent auditors. Any sitting directors may attend any such presentations.

Communications

In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company that could result from inconsistent communications, individual members of the Board of Directors shall not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chairman of the Board or the Board of Directors.

Insider Transactions

The Company has established an Insider Trading Policy that is intended to avoid even the appearance of the illegal use of material, non-public information on the part of anyone employed by or associated with the Company, including members of the Board of Directors. Under the Insider Trading Policy, members of the Board of Directors, as well as certain Company officers and employees, must request pre-clearance of transactions involving the Company's securities and must agree to abide by prescribed window periods, which set forth the only time when trading in the Company's securities generally

is allowed. Short sales, margin purchases and trading in put or calls with respect to the Company's securities are not permitted.

Revised: February 25, 2009