

**QUIXOTE CORPORATION
CORPORATE GOVERNANCE GUIDELINES
AS AMENDED
AUGUST 22, 2007**

The Board of Directors of Quixote Corporation recognizes the importance of good corporate governance as a means of enhancing and furthering the interests of the Company and its stockholders. These guidelines are designed to serve as a framework of solid corporate values for principled goal setting, effective decision-making and appropriate monitoring of compliance and performance. They are to be interpreted and applied in the context of all applicable laws, rules, regulations and governing corporate documents, including the Company's Certificate of Incorporation and Bylaws. As a dynamic structure, they are to be reviewed periodically by the Board of Directors.

I. BOARD COMPOSITION AND ORGANIZATION; DIRECTOR REQUIREMENTS

1. Size of the Board.

The Restated Certificate of Incorporation states that there shall be between three and nine directors as determined by the By-Laws. The By-Laws currently provide for seven directors.

2. Mix of Management and Independent Directors.

The Board believes that as a matter of policy, there should be a majority of independent directors. In assessing independence, the Board uses the definition of "Independent " under the listing standards of The Nasdaq Stock Market®. The Board currently has seven members, two of whom are employees of the Company and five of whom are considered independent under Nasdaq's listing standards.

3. Term and Tenure

In accordance with the Company's Restated Certificate of Incorporation, the Board is divided into three classes with the term of one class expiring each year so that each director is elected for a three-year term. The Board has not established term limits, believing that they have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insights into the Company and its operations and consequently, an increasingly valuable contribution to the Board as a whole.

4. Chairman of the Board and Chief Executive Officer.

Given the size of the Company, the Board believes that as a general policy the Chief Executive Officer may also serve as the Chairman of the Board.

This provides the most efficient and effective means for the overall management and functioning of the Company.

5. *Service on other Boards*

Board members are limited in the number of other public company boards they may serve on to no more than three.

6. *Stock Ownership Guidelines for Directors*

The Board considers ownership of Company stock by directors to be important to the Company because it aligns the directors' interests with stockholders' interests. Directors who are employees are subject to the Company's stock ownership guidelines for key employees and are expected to own a minimum of 5,000 shares of Company stock (2,000 shares for those key employees who do not report directly to the Chief Executive Officer). Guidelines for non-employee directors provide for ownership of 500 shares of Company stock after one year of service as a director and the acquisition of an additional 500 shares every year thereafter until ownership of 10,000 shares is attained.

II. COMMITTEE MATTERS

1. *Membership of Committees.*

The Board currently has the following committees: Audit, Compensation, Governance and Nominating. Only non-employee independent directors serve on these committees. The Board has the authority to form new committees of three or more directors by resolution or resolutions passed by three-fourths of the entire Board and to dissolve committees by resolution passed by a majority of the entire Board. The Chairman of the Board and the President is an *ex officio* member of any executive or finance committee.

2. *Committee Charters*

Each Committee has a charter that is reviewed periodically by the Board.

3. *Committee Meetings*

The Chairman of each Committee, in consultation with the other Committee members, determines the frequency and length of Committee meetings except as otherwise provided by charter or by law. All action by any Committee is reported to the Board at the Board's next meeting and is subject to revision or alteration by the Board unless the Committee has been granted final authority to act on a particular matter and provided that no rights or acts of third parties would be affected by such revisions.

III. Board Operations

1. Agendas and Background Information.

The Chairman of the Board and the Chief Executive Officer (if not the same as the Chairman) will establish the agenda for each meeting of the Board of Directors. Directors are free to add matters that they consider important for inclusion on the agenda.

2. Regular Attendance of Non-Directors at Board Meetings.

The Chief Financial Officer and the General Counsel are expected to be present at all times during Board meetings, except where there is a specific reason for one or both of them to be excluded. In addition, the Chairman may invite one or more members of management to attend Board meetings and other officers and employees as appropriate to the circumstances.

3. Distribution of Board Materials

To the extent feasible, information and data important to the Board's understanding of the matters to be considered, including background summaries, will be distributed prior to the meeting. Directors also routinely receive financial information, including backlog data, earnings reports, press releases, analyst reports and other information as they may request or that may be needed to keep them informed of the material aspects of the Company's business, performance and prospects.

4. Board Interaction with Institutional Investors, the Press and Others

The Board believes that management speaks for the Company. While individual Board members may, from time to time, meet or otherwise communicate with various constituencies involved with the Company, the Company expects that non-management directors would do so under extraordinary circumstances and with the prior knowledge and concurrence of management.

5. Selection of New Director Candidates

The Board delegates to the Nominating Committee the screening process involved in identifying and screening candidates for Board membership, with direct input from the Chairman and other Board members. Final approval for new Board candidates rests with the full Board of Directors.

6. Executive Sessions of the Independent Directors.

The independent directors have regularly scheduled executive sessions at which no other person is present.

7. Resources and Authority

The Board has the resources and authority to discharge its responsibilities, including, without limitation, appropriate funding, in such amounts as the Board deems necessary, to compensate any independent advisors retained by the Board to assist it in carrying out its responsibilities.

IV. Performance Assessment

1. Board Self-Evaluation

The Board considers it important to evaluate the effectiveness of the full Board annually.

2. Evaluation of the Chief Executive Officer

The Chief Executive Officer is evaluated annually by the Compensation Committee, which reviews and determines the individual elements of total compensation for the Chief Executive Officer and reports the results of its annual review and determination to the Board.

3. Evaluation of Principal Officers

The Chief Executive Officer reviews annually with the Compensation Committee the performance of the principal officers of the Company, giving his assessment of each officer's performance. The Compensation Committee reviews these evaluations and recommendations and determines the compensation of the principal officers, reporting its determination to the Board.

V. Periodic Review of these Guidelines

The operation of the Board of Directors is a dynamic and evolving process. As such, these Guidelines will be reviewed periodically by the Board and may be amended from time to time.