

MAC-GRAY CORPORATION

Corporate Governance Guidelines

The Board of Directors (the “Board”) of Mac-Gray Corporation (the “Company”) has adopted the corporate governance guidelines set forth below to assist and guide the Board in the exercise of its responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, the New York Stock Exchange and the Certificate of Incorporation and By-laws of the Company, both as amended to date. The Board may review and amend these guidelines from time to time.

As amended October 22, 2010

I. DIRECTOR QUALIFICATION STANDARDS

- **Director Criteria:** The Board shall consider and approve from time to time the criteria that it deems necessary or advisable for prospective Director candidates. The Board shall have full authority to modify such criteria from time to time as it deems necessary or advisable.
- **Process For Identifying and Selecting Directors:** The Board has delegated to the Governance and Nominating Committee the responsibility of identifying suitable candidates for nomination to the Board (including candidates to fill any vacancies that may occur) and assessing their qualifications in light of the policies and principles in these corporate governance guidelines and the committee’s charter. The Governance and Nominating Committee will recommend prospective Director candidates for the Board’s consideration and review the prospective candidates’ qualifications with the Board. The Board shall retain the ultimate authority to nominate a candidate for election by the stockholders as a Director or to fill any vacancy that may occur.

In identifying prospective Director candidates, the Governance and Nominating Committee may consider all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the prospective Director candidate, his or her depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board.

- **Independence:** At least a majority of the members of the Board shall meet the independence requirements set forth in Sections 303A.01 and 303A.02 of the NYSE Listed Company Manual.

At least annually, the Board will evaluate all relationships between the Company and each Director in light of relevant facts and circumstances for the purposes of determining whether a material relationship exists that might signal a potential conflict of interest or otherwise interfere with such Director’s ability to satisfy his or her responsibilities as an independent Director.

- **Limit on Number of Other Boards:** Carrying out the duties and fulfilling the responsibilities of a Director require a significant commitment of an individual's time and attention. The Board does not believe, however, that explicit limits on the number of other boards of directors on which the Directors may serve, or on other activities the Directors may pursue, are appropriate. The Board, however, recognizes that excessive time commitments can interfere with an individual's ability to perform his or her duties effectively. In connection with its assessment of Director candidates for nomination, the Governance and Nominating Committee will assess whether the performance of any Director has been or is likely to be adversely impacted by excessive time commitments, including service on other boards of directors. Directors must notify the Chairman of the Governance and Nominating Committee in connection with accepting a seat on the board of directors of another business corporation so that the potential for conflicts or other factors compromising the Director's ability to perform his duties may be fully assessed.
- **Term and Age Limits:** Except as otherwise approved by the Board in a particular case, (i) no independent Director shall be eligible for election or re-election following his or her 70th birthday and (ii) management Directors shall resign from the Board upon their retirement or other departure from the Company. Each individual's performance will be assessed by the Governance and Nominating Committee in light of relevant factors in connection with assessments of candidates for nomination to be Directors.
- **Succession:** The Governance and Nominating Committee shall be responsible for developing succession plans for the Board as appropriate in light of relevant facts and circumstances.

II. DIRECTOR RESPONSIBILITIES

- **Role of Directors:** The business and affairs of the Company are managed by or under the direction of the Board, acting on behalf of the stockholders. The Board has delegated to the officers of the Company the authority and responsibility for managing the Company's everyday affairs. The Board has an oversight role and is not expected to perform or duplicate the tasks of the Chief Executive Officer or senior management.
- **Attendance at Meetings:** Each member of the Board is expected to make reasonable efforts to attend regularly scheduled meetings of the Board and to participate in telephone conference meetings or other special meetings of the Board. In the event that Directors are unable to attend at least 75% of those regular or special meetings (together with the meetings of committees on which such Director serves), the Company will be required to disclose that fact in its annual proxy statement. In addition, attendance and participation at meetings is an important component of the Directors' duties and, as such, attendance rates will be taken into account by the Governance and Nominating Committee in connection with assessments of Director candidates for renomination as Directors.
- **Time Commitment; Advance Distribution and Review of Materials:** Directors are expected to spend the time needed and meet as frequently as the Board deems necessary or appropriate to discharge their responsibilities. Senior management is responsible for distributing information and data that are important to the Board's understanding of the

business to be conducted at a Board or Committee meeting to the Directors. Directors should review these materials in advance of the meeting when reasonably practicable.

- **Board Resignation Policy:** In accordance with the Company's Bylaws, except in a contested election of directors, a nominee for election or re-election to the Board must receive more votes cast for than against his or her election or re-election in order to be elected or re-elected to the Board. The Board expects that an incumbent Director shall tender his or her resignation to the Board for consideration if he or she fails to receive the required number of votes for re-election. The Board shall nominate for election or re-election as Director only, and shall fill Director vacancies and new directorships only with, candidates who agree to tender to the Board an irrevocable resignation that will be effective upon (i) the failure of such Director to receive the required vote for re-election at the next annual meeting at which they face re-election and (ii) Board acceptance of such resignation.

If an incumbent Director fails to receive the required vote for re-election, the Governance and Nominating Committee will act on an expedited basis to determine whether it is advisable to accept the Director's resignation and will submit a recommendation for consideration by the Board. The Board will act on the tendered resignation within 90 days following certification of the stockholder vote relating to the election and will promptly, publicly disclose its decision. The Governance and Nominating Committee and the Board may consider any factors they deem relevant in deciding whether to accept a Director's resignation. Any Director whose resignation is under consideration pursuant to this provision shall not participate in the Governance and Nominating Committee recommendation or Board decision regarding his or her resignation. If the resignation is not accepted, the Director will continue to serve until the next annual meeting at which such Director faces re-election and until such Director's successor is duly elected and qualified or until such Director's earlier resignation or removal.

III. BOARD STRUCTURE

- **Size of Board:** The Board reserves the right to increase or decrease the size of the Board, subject to any relevant provisions in the Company's By-laws, depending on an assessment of the Board's needs and other relevant circumstances at any given time.
- **Committees:** The Board intends at all times to have an Audit Committee, a Compensation Committee and a Governance and Nominating Committee. Each of these standing committees will have a written charter that sets forth the responsibilities of such committee and the qualifications for committee membership. The Board may from time to time establish additional committees as necessary or appropriate.
- **Executive Sessions:** The non-management Directors will meet at regularly scheduled executive sessions without management participation and at least four times each year an executive session with only independent Directors present shall be held. The Director who presides at these meetings will be chosen by the non-management Directors, and his or her name, or the process by which he or she is selected, will be disclosed in the annual proxy statement or, if the Company does not file an annual proxy statement, in the Company's annual report on Form 10-K filed with the Securities and Exchange

Commission. In order that interested parties may be able to make their concerns known to the non-management directors, the Company will also disclose a method for such parties to communicate directly and confidentially with the presiding director or with the non-management directors as a group.

IV. DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

- In carrying out its responsibilities, the Board, and each committee thereof, shall be entitled to rely on the advice and information that it receives from management and such experts, advisors and professionals with whom the Board, or any such committee, may consult. The Board, and each committee thereof, shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Board, or such committee, or meet with any members of or advisors to the Board. The Board or any committee thereof shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its or their responsibilities.

V. DIRECTOR COMPENSATION

- The form and amount of Director compensation will be reviewed periodically, but at least annually, by the Compensation Committee, which shall make recommendations to the Board based on such review. The Board shall retain the ultimate authority to determine the form and amount of Director compensation.
- The Company's executive officers shall not receive additional compensation for their service as directors.

VI. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

- The Company will conduct an orientation program for each new Director to familiarize the new Director with the Company's business and strategic plans, key policies and practices, principal officers and management structure, auditing and compliance processes and its code of business conduct and ethics as well as a review of director duties and responsibilities.

VII. MANAGEMENT SUCCESSION

- The Governance and Nominating Committee shall be responsible for developing a Chief Executive Officer succession plan for consideration by the Board and reporting on such plan to the Board.

VIII. ANNUAL PERFORMANCE EVALUATION OF THE BOARD AND COMMITTEES AND THE CHIEF EXECUTIVE OFFICER

- The Board will conduct a self-evaluation at least annually for the purpose of determining whether it and its committees are functioning effectively, and each committee of the

Board will conduct a self-evaluation at least annually for the purpose of determining whether it is functioning effectively. These evaluations will consider the performance of the board or the committee, as the case may be, as a unit. The Governance and Nominating Committee will oversee the evaluation process.

- Annually, the Governance and Nominating Committee will meet in executive session to evaluate the performance of the Chief Executive Officer. In evaluating the Chief Executive Officer, the Committee will take into consideration the executive's performance in both qualitative and quantitative areas, including, without limitation:
 - Leadership and vision;
 - Integrity;
 - Keeping the Board informed on matters affecting the Company and its operating units;
 - Development and implementation of initiatives to provide long-term economic benefit to the Company;
 - Accomplishment of strategic objectives;
 - The overall financial performance of the Company*;
 - Growth in shareholder value*; and
 - Management development.*

*also used as criteria by the Compensation Committee
- The evaluation will be communicated to the Chief Executive Officer by the Chairman of the Governance and Nominating Committee and will be used by the Compensation Committee in the course of its deliberations when determining the Chief Executive Officer's compensation for the ensuing year.

IX. MISCELLANEOUS

- The Board believes that the management should be responsible for communications with the press, media and other outside parties made on behalf of the Company, though individual Board members may, at the request of management or of the Board, communicate with outside parties on behalf of the Company.
- These guidelines are not intended to modify, extinguish or in any other manner limit the indemnification, exculpation and similar rights available to the Directors of the Company under applicable law and/or the Company's Certificate of Incorporation and/or its By-laws.
- Although these corporate governance guidelines have been approved by the Board, it is expected that these guidelines will evolve over time as customary practice and legal requirements change. In particular, guidelines that encompass legal, regulatory or exchange requirements as they currently exist will be deemed to be modified as and to the extent such legal, regulatory or exchange requirements are modified. In addition, the guidelines may also be amended by the Board at any time as it deems appropriate.