



Adopted: 2/20/04

A.G. EDWARDS, INC. CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of A.G. Edwards, Inc. has adopted the following guidelines in its ongoing efforts to adhere to good corporate governance practices and serve the best interest of A.G. Edwards’ shareholders.

Board Composition and Director Qualifications

Board Size. The number of directors shall be established from time to time as provided in the by-laws of A.G. Edwards but shall be regularly reviewed by the Board to ensure its appropriateness for the needs of A.G. Edwards.

Independence. It is the policy of the Board that the majority of directors be independent as determined under the criteria of the New York Stock Exchange listing standards (Section 303A) and any other applicable requirements.

Management Directors. The Board anticipates that A.G. Edwards’ Chief Executive Officer will be nominated to serve on the Board. The Nominating and Corporate Governance Committee also may nominate other members of A.G. Edwards’ management as it deems appropriate based on that person’s experience and role with A.G. Edwards.

Board Chairman. The Board believes that having the same person hold the positions of Chairman and Chief Executive Officer has served A.G. Edwards well. The Board elects its Chairman and Chief Executive Officer annually and may evaluate this structure if and when it deems necessary.

Director Qualifications. Candidates for the Board of Directors are elected by A.G. Edwards’ shareholders at the A.G. Edwards Annual Meeting of Stockholders. Director candidates are selected by the Board’s Nominating and Corporate Governance Committee or shareholders in accordance with A.G. Edwards’ by-laws. It is the belief of the Board that candidates should be selected for their character, acumen, judgment, diversity of experience, and ability to contribute to A.G. Edwards’ overall goals to

serve the best interests of A.G. Edwards' clients and demonstrate responsibility to A.G. Edwards' shareholders. The Board's Nominating and Corporate Governance Committee shall evaluate the qualifications of all director nominees.

Term Limits/Retirement. In accordance with A.G. Edwards' by-laws, directors are elected for a term of three years. The Board does not deem it necessary to impose limits on the number of terms a director may serve as such limits may hinder the overall contributions by directors who have developed significant insights into A.G. Edwards' operations and strategic direction. As the only exception to this policy, a director shall not be nominated to be elected as a director for a term beginning after such director's 72nd birthday.

Number of Board Directorships. It is the policy of the Board that the Board will consider the number of directorships held by a candidate as one factor in evaluating the candidate but will not establish numerical limits on the number of boards of directors upon which a director may serve.

Board Compensation. Through its Compensation Committee, the Board will review, or request management or outside consultants to review, the compensation policies of A.G. Edwards to ensure their appropriateness, particularly with regard to the independence criteria for directors established by the New York Stock Exchange. It is the general policy of A.G. Edwards that a portion of directors' compensation be comprised of common stock of A.G. Edwards.

Board Mission and Director Responsibilities

Board's Role. The primary responsibility of the Board is to exercise its business judgment to act in what it believes to be the best interests of A.G. Edwards, its shareholders, employees, clients and the communities in which A.G. Edwards operates. As such, the Board serves as the ultimate decision-making body of A.G. Edwards, except for those powers reserved to or shared with the shareholders. The Board also oversees the members of senior management, who are charged by the Board with conducting the business of A.G. Edwards. Directors must fulfill their responsibilities in accordance with all applicable laws and regulations.

In discharging their duties, Directors may rely on A.G. Edwards' management and outside advisors and auditors. The Board has the authority to hire and compensate independent legal, financial or other advisors, as it deems necessary.

Board Meetings. Directors are expected to attend all meetings of the Board and of the Board committees on which they serve unless extraordinary circumstances prevent their attendance. A schedule of such meetings is provided in advance to ensure each director's ability to attend these meetings. Directors are further expected to devote the time and effort necessary to fulfill their responsibilities.

Meeting Agendas. The Chairman of the Board shall set the agenda for Board meetings. Any director may request items for inclusion on the agenda at any meeting. As appropriate, the Board will review A.G. Edwards' long-term strategic plans and financial statements as well as significant financial, accounting and risk-management issues.

Meeting Materials. A.G. Edwards' management shall be responsible for providing to directors the Board meeting agenda and appropriate written information.

Independent Director Sessions. It is the policy of the Board that the independent directors of the Board meet in executive session without management directors or employees at least four times a year. The independent directors may invite independent auditors, legal counsel, officers and other employees to such meetings, as the independent directors deem appropriate. The meetings of the independent directors will be presided over by an independent director chosen by a process established from time to time by the Board.

Access to Information. All directors shall have the opportunity to speak directly with and hear presentations from managers and other employees who can provide additional insight into matters being discussed by the Board. In addition, all directors will have full access to officers, employees and the books and records of A.G. Edwards. Any meetings or contact that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary.

Succession Planning. The Board's Nominating and Corporate Governance Committee shall approve and maintain a succession plan for the selection of A.G. Edwards' Chief Executive Officer, based upon recommendations from the current Chief Executive Officer and after review by the Nominating and Corporate Governance Committee. The succession plan shall include policies and procedures in the event of an emergency or the retirement or termination of the Chief Executive Officer.

Performance Review. It is the policy of the Board to have a substantial portion of the Chief Executive Officer's compensation directly related to the performance of A.G. Edwards. The Board's Compensation Committee shall be responsible for setting the long-term performance goals for the Chief Executive Officer, conducting the annual review of the Chief Executive Officer and determining his or her annual compensation.

Self-Evaluation. Through the Nominating and Corporate Governance Committee, the Board and its respective Committees shall conduct an annual self-evaluation to determine their effectiveness.

Confidentiality. Except when required by law, directors shall not disclose any material, non-public information concerning A.G. Edwards. Should a director inadvertently disclose such information, he or she should immediately advise A.G. Edwards' Director of Law and Compliance.

Board Committees

Committees. The Board currently has three committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. These committees shall be comprised solely of independent directors as determined under the New York Stock Exchange listing standards and other applicable requirements. The responsibilities of each committee are articulated in A.G. Edwards' by-laws as well as each committee's charter. The Board may establish or disband committees it deems appropriate as provided in A.G. Edwards' by-laws as well as the applicable laws and regulations.

Meeting Schedules and Agendas. The Chair of each committee, in consultation with A.G. Edwards' management, shall be responsible for scheduling regular committee meetings and setting the agenda for each committee meeting. Special committee meetings may be held as needed. Any committee member may request an item to be included on such committee's meeting agenda. Committees may hold their respective meetings with the full Board as appropriate. The committees shall have the opportunity to invite independent accountants, legal counsel, officers and other employees to their respective meetings, as they deem appropriate.

Committee Charters. Each committee shall have its own charter, which sets forth the responsibilities of the committee, the qualifications and procedures of the committee and how the committee will report to the Board. Each committee and the Nominating and Corporate Governance Committee shall review the charters periodically and suggest revisions as they deem appropriate.

Management Responsibility

Director Orientation and Education. The Chief Financial Officer and Corporate Secretary shall conduct orientation sessions for each new director as soon as possible after such director's election to the Board. New directors shall be provided with these Corporate Governance Guidelines.

The Board of Directors periodically will receive presentations at Board meetings relating to A.G. Edwards' business initiatives and operations as well as any other matters of significance to the Board of Directors. Directors also will be offered the opportunity to participate at the expense of A.G. Edwards in director education programs conducted by outside parties.

Communications. The Chairman and CEO is responsible for establishing effective communications with A.G. Edwards' shareholders, clients, employees and other groups. It is A.G. Edwards' policy that management speaks for A.G. Edwards, although outside directors may meet with shareholders if requested and with senior management present.

Succession Planning. The Chief Executive Officer shall participate with the Board in the review and maintenance of A.G. Edwards' succession plan.

Ethics and Conflicts of Interest. The Board of Directors expects senior management to act ethically at all times and to establish policies and procedures to ensure that A.G. Edwards' employees embrace a culture of ethical behavior. Senior management shall develop and maintain a Code of Ethical Conduct, a Financial Code of Ethical Conduct (for Senior Financial Officers), and an Ethical Behavior and Anti-Retaliation Policy.