Corporate Governance Guidelines

I. INTRODUCTION

The following Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of Tootsie Roll Industries, Inc. (the "Corporation") to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making both at the Board and management level, and to enhance stockholder value over the long term. These Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation, or the Restated Articles of Incorporation or By-laws of the Corporation. The Guidelines are subject to periodic review and to modification from time to time by the Board.

II. BOARD COMPOSITION

1. Selection of Chair of the Board The Board shall be free to choose its Chair in any way it deems best for the Corporation at any given point in time.

2. Size of the Board The Board believes that it should generally have no fewer than four and no more than seven directors subject to the provisions of the Corporation's Restated Articles of Incorporation and its By-laws. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

3. Board Membership Criteria Nominees for director shall be selected on the basis of their character, wisdom, judgment, ability to make independent analytical inquiries, business experiences, understanding of the Corporation's business environment, time commitment and acumen. Board members are expected to prepare for, attend and participate in all Board and applicable committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as an outstanding director. The Board shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members. The Board shall be committed to a diversified membership, in terms of both the individuals involved and their various experiences and areas of expertise.

4. Director Independence An "Independent" director of the Corporation shall be one who meets the qualification requirements for being an independent director under the corporate governance listing standards of the New York Stock Exchange ("NYSE"), including the requirement that the Board must have affirmatively determined that the director has no material relationships with the Corporation, either directly as a partner, stockholder or officer of an organization that has a relationship with the Corporation.

5.Selection of New Directors The entire Board shall be responsible for nominating candidates for election to the Board at the Corporation's annual meeting of stockholders and for filling vacancies on the Board that may occur between annual meetings of stockholders.

6. Director Orientation and Continuing Education An orientation process for all new directors shall be established and maintained, including comprehensive background briefings to gain a familiarity with the Company. In addition, all directors shall periodically participate in briefing sessions on topical subjects to assist the directors in discharging their duties.

7. Directors Who Change Their Present Job Responsibility The Board shall review the continued appropriateness of Board membership if a Board member has a material change in circumstances and the affected director shall be expected to act in accordance with the Board's wishes.

8. Age or Term Limits The Board does not mandate a retirement age or term limits for its directors.

9. Board Compensation A director who is also an employee shall not receive additional compensation for service as a director. The Board is charged with the responsibility for reviewing (at least annually) and determining the form and amounts of compensation and benefits for non-employee directors. The Board shall seek to fairly compensate directors at levels that are competitive with other companies in the industries in which the Corporation competes and to align directors' interests with the long-term interests of the Corporation's stockholders. In its deliberations, the Board shall consider whether the levels of director compensation could impair independence and shall critically evaluate any consulting, charitable contribution or other potential indirect compensation arrangements.

10. Evaluation of Board The Board shall be responsible for periodically, and at least annually, conducting a self-evaluation of the Board as a whole. The Board shall be responsible for establishing the evaluation criteria and overseeing the implementation of the process for such evaluation.

11. Evaluation of Committees of the Board The Board shall conduct periodic reviews of each committee's contribution to the Corporation. In its review of the committees, the Board shall review each committee's objectives, as stated at the beginning of each fiscal year, and compare those stated objectives to the results.

12. Board Contact with Management Board members shall have complete access to management. Furthermore, the Board encourages senior management, from time to time, to bring employees into Board meetings who can provide additional insight concerning the items being discussed because of personal involvement in these areas and represent significant aspects of the Corporation's business.

13.Access to Independent Advisors The Board and its committees, including the non-management or Independent directors when convening in executive session, shall have the right, at any time, to retain independent outside financial, compensation, legal or other advisors.

14. Board Interaction with Institutional Investors and Press The Board believes that management generally should speak for the Corporation, consistent with all regulations governing such communications and with common sense. Unless otherwise agreed to or requested by the Chair, each director shall refer all inquiries from institutional investors and the press to designated members of senior management or to the Chair.

III. BOARD MEETINGS

15. Frequency of Meetings There shall be at least four regularly scheduled meetings of the Board each year. It is the responsibility of each of the directors to attend the meetings of the Board and the committees on which he or she serves.

16. Executive Sessions of Non-Management and Independent Directors The non-management directors (all those who are not "officers" of the Corporation, as such term is defined by NYSE listing standards) shall meet in regularly scheduled executive sessions, and, if any of the non-management directors are non-Independent, the Independent directors should also meet in an executive session at least once a year. These meetings can be in person or held telephonically. The Corporate Secretary shall establish, maintain and publicly disclose a method for interested parties to communicate directly with the non-management directors as a group.

17. Presiding Officer of Non-Management and Independent Director The Chair of the Audit Committee shall preside over executive sessions of the non-management directors and Independent directors.

18. Board Materials Distributed in Advance Information and data is important to the Board's understanding of the business and essential to prepare Board members for productive meetings. Presentation materials relevant to each meeting will generally be distributed in writing to the Board for their review in advance of the meeting.

IV. COMMITTEE MATTERS

19. Board Committees The Corporation shall have the following standing committees: Audit and Compensation. The duties for each of these committees shall be outlined in each of the committee's charter and/or by further resolution of the Board. The Board may form new committees or disband a committee depending on circumstances. The Audit and Compensation committees shall be composed entirely of Independent directors, and all members of the Audit Committee shall also meet the additional independence requirements of the NYSE adopted pursuant to the Sarbanes-Oxley Act of 2002 that are applicable to members of that committee.

20. Assignment and Rotation of Committee Members The Board shall be responsible for the assignment of Board members to various committees and, if applicable, respective chairs thereof, on an annual basis. The Board shall periodically review the committee assignments and shall consider the rotation of committee chairs and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors, provided that, at no time shall the membership of the Audit Committee be less than three board members.

21. Annual Review by Committee Each Board committee shall annually review its charter and recommend to the Board any changes it deems necessary. In addition to its charter, the Board will periodically review the Corporate Governance Guidelines and determine any changes it deems necessary.

V. LEADERSHIP DEVELOPMENT

22. Evaluation of Chief Executive Officer and Succession Planning The Board shall develop and maintain policies and principles for the evaluation and, when applicable, selection of the Chief Executive Officer. The Corporation understands the importance of succession planning. Therefore, the Board, along with the Chief Executive Officer, shall analyze the current management, identify possible successors to senior management, and timely develop a succession plan including the succession in the event of an emergency or retirement of the Chief Executive Officer. The plan shall then be reviewed by the Board, and reviewed periodically thereafter.

23. Interpretation In cases where the Chair of the Board and the Chief Executive Officer are the same individual, procedures calling for consultation or communications between such positions need not be followed.

APPROVED: BOARD OF DIRECTORS
DATE: March 11, 2004