

DIAMOND HILL INVESTMENT GROUP, INC.

Corporate Governance Guidelines

The Board of Directors (the “Board”) of Diamond Hill Investment Group, Inc. (the “Company”) represents the interests of shareholders in fostering a business that is successful in all respects, particularly in fulfilling its fiduciary duty to its clients and shareholders. The Board is responsible for determining that the Company is managed with this objective in mind and that management is executing its responsibilities. The Board’s responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies and the fulfillment of its fiduciary duty. In addition to fulfilling its obligations for representing the interests of shareholders, the Board has responsibility to the Company’s employees, the mutual funds, and investment portfolios that the Company manages, the Company’s other customers and business constituents and to the communities where the Company operates. All are essential to a successful business.

Board Composition

1. Size of the Board. The Board presently has seven members. This size is satisfactory under current circumstances, but will be adjusted upward or downward in accordance with the Company’s Amended and Restated By-Laws to reflect the changing needs of the Company.
2. Mix of Inside and Outside Directors; Independence Defined. A super-majority (67%) of the members of the Board must be independent. If the Company is unable to comply with this requirement because one director ceases to be independent for reasons beyond his or her reasonable control, or due to one temporary vacancy, the Board will still have authority to take valid actions during such noncompliance, but will take steps to remedy such noncompliance as promptly as possible and in any event as required by NASDAQ.

An “independent director” is a person who is not an officer or employee of the Company or its subsidiaries, who is free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who otherwise meets the requirements set forth by NASDAQ, regulatory agencies, and any additional Board guidelines. A director will not be considered “independent” until the Board affirmatively determines that such director meets all applicable standards. The Board will review these determinations at least once each year.

3. Board Membership Criteria. The Nominating and Governance Committee is responsible for recommending to the Board the appropriate skills and characteristics required of Board members, based on the needs of the Company from time to time. This assessment will include experience, commitment, diversity, and other factors deemed relevant, including the then-current composition of the Board. Prospective Board members in all cases should

demonstrate unimpeachable character and integrity, have sufficient time to carry out their duties, have experience at senior levels in areas of expertise helpful to the Company and consistent with the objectives to have a diverse and well-rounded Board, and have the willingness and commitment to assume the responsibilities required of a director of the Company. The Nominating and Governance Committee will confer with the full Board as to the application of these criteria in connection with particular searches for new directors.

4. Selection of new Director Candidates. The Board will select nominees from candidates identified and screened by the Nominating and Governance Committee (with input from the chief executive officer). Any invitation to be nominated to or to join the Board will be extended through the Chairperson of the Nominating and Governance Committee, after approval by the full Board.
5. Director Orientation and Continuing Education. When a new director joins the Board, management will provide an orientation program for the purpose of providing the new director with an understanding of the operations and the financial condition of the Company. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company may, from time to time, offer continuing education programs to assist the directors in maintaining such level of expertise. Each director also is encouraged to participate, at least once every three years, in continuing education programs for public-company directors sponsored by nationally recognized educational organizations not affiliated with the Company. The costs of all such continuing education shall be paid by the Company.
6. Other Board Memberships. Directors will advise the Chairperson of the Nominating and Governance Committee in advance of accepting any directorship with a for-profit entity, to allow for a review of potential conflicts. Absent approval from the Nominating and Governance Committee, no director may serve on more than two other public-company boards (in addition to the Company's Board). In this regard, it is the Board's belief that whether it is appropriate for a director to serve on more than two other public-company boards will depend on the circumstances of each case, including whether the director also is a full-time executive with another organization.
7. Directors Who Change Their Affiliations. Any director who retires from or changes his or her employment or otherwise has a material change in professional responsibilities, occupation or business association shall give written notice to the Chairperson of the Nominating and Governance Committee as soon as possible, specifying the details of such change(s). The Nominating and Governance Committee will consider the changes(s) and all relevant factors and make a recommendation to the Board regarding whether to ask the director to resign or permit the director to continue to serve on the Board. The director whose membership is being reviewed shall not participate in the review or vote on the matter. It is the Board's belief that not every change in circumstances will require that a director leave the Board.

8. Retirement Age; Term Limits. The Board does not impose a retirement age. No person shall be eligible for re-election to the Board if such person has completed 10 years of service as a director, unless such person is currently the chairperson of the Board, in which case such person shall be eligible for re-election to the extent they have not yet served as chairperson for five consecutive years.
9. Stock Ownership and Retention Guidelines for Non-Employee Directors. The Board believes that non-employee directors should have a significant personal stake in the Company's performance. Consequently, effective with the initial adoption of these Governance Guidelines, shares granted to directors as compensation must be held for their entire term as a director and may not be sold until they retire from the Board.

Nothing in this Section 9 shall preclude transfers of equity instruments to trusts or similar entities for the benefit of a director, his or her spouse or family members. The Compensation Committee will from time to time review the amount and form of non-employee director compensation and recommend any changes for Board consideration. The Nominating and Governance Committee will from time to time review these stock ownership guidelines and recommend any changes for Board consideration.

Board Leadership

1. Roles of Chairperson and CEO. The role of Chairperson and CEO shall be separate roles. The Chairperson is currently a non-employee Chairperson. The Board will determine from time to time whether the role of Chairperson shall be an employee or non-employee position, as the board then determines to be in the best interest of the Company.
2. Lead Director. Should the Board determine that the role of Chairperson shall be an employee position; the independent directors will then designate a lead director at each annual Board meeting, to serve until the following annual Board meeting, and may terminate or initiate such designation at any time. The Lead Director has the following responsibilities and authority:
 - chair Board meetings at which the Chairperson is not present;
 - chair executive sessions of the independent directors;
 - act as liaison between the independent directors and management;
 - be available for consultation with management;
 - provide input on and approve final Board meeting agendas;
 - approve Board meeting schedules to assure there will be sufficient time to properly address agenda items;
 - oversee the information distributed in advance of Board meetings, including approval of the topics to be covered;
 - be available to the corporate secretary to discuss and, as necessary, respond to shareholder communications to the Board; and
 - call meetings of the independent directors.

Board Meetings

1. Scheduling. Board meetings are schedule in advance, typically four times per year.
2. Agenda for Board Meetings. The Chairperson of the Board will establish, and cause to be distributed in advance, the agenda for each Board meeting. Directors are encouraged to suggest items for the agenda to the Chairperson.
3. Information Provided to the Board; Communications.
 - a. Pre-Meeting. Information important to the matters that will be discussed at Board meetings is to be distributed in advance of the meeting so that directors may prepare for meetings and meeting time can be devoted to substantive discussion. The Chairperson has oversight responsibility regarding the information to be distributed in advance of Board meetings, including approval of the topics to be covered.
 - b. Between Meetings. The chief executive officer or chief financial officer will keep directors advised of any significant developments between meetings.
 - c. Communications. Regular discussion between the directors and the chief executive officer or chief financial officer, and among directors, is encouraged. The chief executive officer and chief financial officer should make full use of the Board's talents by conferring with directors about Company matters within the directors' areas of expertise.
4. Expectations of Directors.
 - a. Attendance; Availability. Each director is expected to attend, in person, each meeting of the Board and any committee of which the director is a member, and each annual meeting of shareholders, and to be reasonably available to management and the other directors for consultation between meetings. If any director's attendance at Board meetings is less than 75% (absent extenuating circumstances) in any calendar year such director will not be recommended for re-election.
 - b. Review of Materials; Operational Issues. Directors are to carefully review information distributed to them prior to Board and committee meetings. If directors have questions either about the materials distributed or Company operations generally that are not likely to be of general interest or relevance to the entire Board, those issues should be discussed by the director with management either prior to or between Board meetings.

5. Attendance of Non-Directors at Board Meetings. The Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the items being discussed and/or have potential as future members of senior management.
6. Conduct of Meetings. The Chairperson should conduct Board meetings on the assumption that each director has carefully reviewed all Board materials, and will fairly facilitate open and respectful discussions.
7. Executive Sessions of Independent Directors. The independent directors will regularly meet in executive session, typically in conjunction with regularly scheduled Board or committee meetings. Such sessions will be chaired by the Chairperson, who will also establish an agenda for such meetings and follow up with management as appropriate.

Board and Committee Responsibilities and Policies

1. Succession Planning. The Nominating and Governance Committee shall oversee the process for succession planning for the chief executive officer and other most senior officers of the Company and report as appropriate to and consult with the other independent directors of the Company.
2. Assessing the Board's Performance. At least annually, the Board will assess its performance and the contributions made by directors, with a view to making full and productive use of directors' talents and improving the performance of the Board and its committees. This assessment should be about the Board's contribution as a whole, with the goal of increasing the overall effectiveness of the Board. The Nominating and Governance Committee will establish and monitor procedures by which the Board will conduct such evaluations. This initiative will be led by the Chairperson of the Nominating and Governance Committee.
3. Assessing each Director's Performance. At least annually, the Board will assess the performance and contribution of each director, with a view to making full and productive use of each director's talents and improving the performance of the director. The Nominating and Governance Committee will establish and monitor procedures by which the Board will conduct such evaluations. This initiative will be led by the Chairperson of the Nominating and Governance Committee.
4. Board Compensation Review. The Compensation Committee, in consultation with management and outside compensation consultants (if necessary), will periodically review the compensation for independent directors. Compensation for independent directors will be recommended to the Board by the Compensation Committee.

5. Stock Ownership and Retention Guidelines for Executive Officers. The Company has adopted stock ownership guidelines for executive officers of the Company. The guidelines state that key executives are to reach the stated levels of ownership (stated as a multiple of the individual executive's base salary) within three years of the guidelines' adoption (February 25, 2010) or, if later, within three years from when the executive assume his or her particular position. For purposes of these ownership guidelines, unvested shares of restricted stock are counted, but unexercised stock options are not. Ownership level will be measured based on the greater of cost or market. The ownership guidelines are:

Position	Ownership Level
Employee Chairperson, CEO, and President	5x base salary
Chief Financial Officer	3x base salary
Other Section 16 filers	2x base salary

6. Diamond Hill Funds (the "Funds") Ownership. The Company's primary objective is to fulfill its fiduciary responsibility to clients, including the Funds. Consistent with that responsibility the Company believes it is important that all employees' interests are aligned with client interests. Therefore, the Company's investment advisor subsidiary, Diamond Hill Capital Management, Inc., has adopted a strict Code of Ethics that prohibits employees from purchasing individual U.S. equity securities (except for our Company stock) or U.S. equity mutual funds that are managed by a firm other than Diamond Hill. As a result of this prohibition, a significant portion of our employees' equity investments are in the same Diamond Hill portfolios in which our clients invest.

Committee Matters

1. Number, Titles and Charters of Committees. The standing Board committees are (a) Audit, (b) Compensation, and (c) Nominating and Governance. Each committee reviews its charter and activities annually, with the assistance of counsel, as appropriate, to make certain that they are consistent with sound governance practices and legal requirements. From time to time the Board may establish new committees, or disband existing committees, if the Board deems such action to be appropriate; provided, however, that the Board will maintain compliance with NASDAQ and other applicable regulations.
2. Assignment and Rotation of Committee Members. The Nominating and Governance Committee is responsible, after consultation with the chief executive officer and consideration of the preferences of individual directors, for recommending to the Board the assignment of directors to committees each year. Each independent director is expected to serve at all times on at least one committee.
3. Frequency and Length of Committee Meetings. Each committee Chairperson, in consultation with committee members, will determine the frequency and length of each committee's meetings. Each committee will meet at least twice each year.

4. Minutes and Reports. Minutes of each committee meeting or action will be maintained. Each committee will report regularly, through its Chairperson, to the Board on substantive matters considered by the committee.

Other Matters

1. Board Access to Management. Directors have complete access to members of the Company's management team. Directors will use judgment to be sure that such contacts are not distracting to the business operations of the Company.
2. Board Interaction with Institutional Investors, the Press and Others. The Company will speak to outside constituencies, such as the press, investors, analysts or the financial community, through senior management. If individual directors intend to meet or otherwise communicate with any of these constituencies about Company matters, this should be done only after consulting with the chief executive officer or chief financial officer. Individual directors will maintain confidentiality on all Board-related matters.
3. Resources. The Board will have the resources and authority appropriate to discharge its responsibilities, including the authority to retain and terminate special counsel and other experts or consultants.
4. Public Disclosure and Amendments of Guidelines. These Corporate Governance Guidelines will be publically disclosed on the Company's web site. The Nominating and Governance Committee will review these Corporate Governance Guidelines annually and will recommend changes for review and approval by the Board.

Adopted: February 25, 2010