

# WHX CORPORATION

## CORPORATE GOVERNANCE GUIDELINES

February 28, 2007

The following Corporate Governance Guidelines (the "Guidelines") have been adopted by the Board of Directors (the "Board") of WHX Corporation (the "Company") 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, with a view to enhancing long-term stockholder value. These Guidelines will be reviewed and updated on a periodic basis.

### **Composition and Structure of the Board**

1. **Size of the Board.** The Board believes that it should generally have no fewer than 6 and no more than 10 members. This range permits diversity of perspectives and experience without hindering effective discussion. However, the Board is prepared to increase its membership if the Board deems it advisable, for example to bring new or specialized skills and talent to the Board.
2. **Board Membership Criteria.** The Board seeks members from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. The Board is responsible for reviewing, on an annual basis, the appropriate criteria for membership to the Board. This assessment will include an examination of whether the individual is independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board.
3. **Selection of New Directors.** The full Board is responsible for selecting its members and recommending them for election by the stockholders or by a majority vote of the Board to fill vacancies. The invitation to join the Board should be extended by the Chairman of the Board, on behalf of the entire Board.
4. **Independent Directors.** The Board has adopted the following categorical standard to determine whether a Board member is independent. In order to be considered independent, a director must have no material relationship with the Company (either directly or indirectly) that precludes independence under the NASDAQ rules.

Under the NASDAQ rules, an "independent director" means a person other than an executive officer or employee of the company or any other individual having a relationship which, in the opinion of the issuer's board of directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director. The following persons shall not be considered independent:

- (a) a director who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company;

(b) a director who accepted or who has a family member who accepted any compensation from the company in excess of \$60,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:

(i) compensation for board or board committee service;

(ii) compensation paid to a family member who is an employee (other than an executive officer) of the company ; or

(iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation.

(c) a director who is a family member of an individual who is, or at any time during the past three years was, employed by the company as an executive officer;

(d) a director who is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the company made, or from which the company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

(i) payments arising solely from investments in the company's securities; or

(ii) payments under non-discretionary charitable contribution matching programs.

(e) a director of the issuer who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the issuer serve on the compensation committee of such other entity; or

(f) a director who is, or has a family member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's outside auditor who worked on the company's audit at any time during any of the past three years.

(g) in the case of an investment company, in lieu of paragraphs (A)–(F), a director who is an "interested person" of the company as defined in Section 2(a)(19) of the Investment Company Act of 1940, other than in his or her capacity as a member of the board of directors or any board committee.

5. **Selection and Evaluation of Chief Executive Officer (“CEO”).** The Board, or a committee thereof, should set policies and principles for CEO selection and performance review, as well as policies regarding succession in the event of an emergency or the retirement of the CEO. The Board shall also establish policies and principles for the long-term succession to the position of CEO.

The Compensation Committee shall conduct an annual review and approve corporate goals and objectives relevant to the CEO’s compensation and shall set the CEO’s compensation level based upon such evaluation.

6. **Directors Who Change Their Present Job Responsibility.** A director shall notify the Board annually about his or her principal occupation or business associations. The directors will also respond to requests made by the Board as to their other activities. The Board shall review the appropriateness of the activities of each director remaining on the Board.
7. **Other Directorships.** Although the Board does not have a formal policy, independent directors are encouraged to limit the number of other boards (excluding non-profit) on which they serve to a number to which they believe they can devote sufficient time. The full Board will take into account the nature of and the time involved in a director's service on other boards in evaluating the suitability of individual directors and making its recommendations to stockholders.
8. **Term Limits.** The Board's policy is to not establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have a unique insight into the business of the Company and its operations.
9. **Board Compensation.** The Board is responsible for reviewing and recommending, on an annual basis, the compensation for independent directors. Company management reports to the Board as to how the Company's director compensation practices compare with those of other large public and peer group corporations.
10. **Retirement Age.** There is no retirement age after which board members must retire; retirement shall be considered on a case-by-case basis. No person shall be initially nominated by the Board to serve as a director after he or she has passed his or her 80<sup>th</sup> birthday.
11. **Executive Sessions of Independent Directors.** The independent directors of the Board will meet in Executive Session from time to time, but not less than twice per year, to

discuss such topics as the independent directors determine, including evaluation of the performance of the Chief Executive Officer. From time to time, the independent directors shall elect a lead non-management director. The lead non-management director shall preside over these sessions, or in his absence, such person who may be appointed by the non-management directors at such meeting.

### **Board Responsibilities**

1. **Duties of Directors.** The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In carrying out this responsibility, the Board also considers the concerns of its other stakeholders and interested parties, including its employees, customers, suppliers, partners, local communities, and the public at large. The directors rely on the honesty and integrity of the Company's officers, employees, and outside advisors in making Board decisions. The directors are also responsible for acting as advisors to the senior management team.

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve and meetings of stockholders absent exceptional cause. Directors should spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are expected to review meeting materials prior to Board, committee and stockholder meetings. Directors are encouraged to ask questions and communicate concerns at any time.

2. **Continuing Director Education.** The Board will make available orientation programs for new directors and from time to time continuing education programs for all directors, when appropriate.
3. **Evaluating the Board's Performance.** The Board shall conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively.
4. **Ethics and Conflicts of Interest.** The Board expects its directors, officers and other employees to act ethically at all times and to acknowledge adherence to the Company's Code of Conduct and Ethics. Any waiver of the Code of Conduct and Ethics for directors and executive officers may be made only by the Board of Directors or a Board Committee.

### **Board Meeting Procedures**

1. **Frequency of Meetings.** The Board has approximately 4 regularly scheduled meetings per year, although these may be more or less in any given year. In addition, special meetings may be called from time to time as determined by the needs of the Company's business.
2. **Selection of Agenda Items for Board Meetings.** The Chairman of the Board and the Secretary of the Company will establish the agenda for Board meetings. Each Board member is free to suggest the inclusion of items on the agenda. The agenda will be

distributed in advance of the meeting to each director. Each Board member is also free to raise at any Board meeting subjects that are not on the agenda for that meeting.

3. **Board Materials Distributed in Advance.** Information, data and presentation materials that are important to the Board's understanding of the business will be distributed in writing to the Board before the Board meets. Management will make every attempt to ensure that the materials being distributed are as concise as possible while giving directors sufficient information to make informed decisions. The Board acknowledges that, under certain circumstances, written materials may be unavailable to directors in advance of a meeting, and that certain items to be discussed at the Board meetings are of an extremely sensitive nature such that the distribution of materials on these matters prior to the Board meeting may not be appropriate.

### **Involvement of Senior Management**

1. **Attendance of Non-Directors at Board Meetings.** The Board welcomes the attendance at Board meetings of non-Board members who are present for the purpose of making presentations, responding to questions by the directors or providing counsel on specific matters within their area of expertise. Should the Chairman want to add additional people as attendees on a regular basis, it is expected that this suggestion would be made to the Board for its concurrence.
2. **Board Access to Management and Outside Advisors.** Board members have complete access to the Company's management and outside advisors. Board member contact with such individuals shall be handled in a manner that would not be disruptive to the business operation of the Company. Any such contact that is in writing should be copied to the Chairman.

### **Committee Matters**

1. **Number, Structure and Independence of Committees.** The Board currently has two principal committees: Audit and Compensation. Each of these committees will consist solely of independent directors that satisfy applicable legal and regulatory requirements. From time to time, the Board may want to form a new committee or disband a current committee depending upon the circumstances.

Each of the Audit Committee and the Compensation Committee shall be comprised solely of independent directors, as that term is defined in the listing standards of NASDAQ. Each of these committees shall adopt a charter outlining the responsibilities of such committee.

The Board also currently has an Executive Committee.

2. **Assignment of Committee Members.** The Board does not favor mandatory rotation of committee assignments or chairs. The Board believes that experience and continuity are more important than rotation.

3. **Frequency and Length of Committee Meetings.** The chair of each committee, in consultation with committee members, will determine the frequency and length of the meetings of the committee consistent with any requirements set forth in the committee's charter. The committee chair will report the highlights of their meetings to the full Board following each meeting.
4. **Committee Charters.** Each committee shall have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.
5. **Committee Agendas.** The committee chair, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. Any director, however, may recommend the inclusion of a specific agenda item for any committee meeting, regardless of whether the director is a member of such committee.

#### **Chief Executive Officer Evaluation and Services**

The Board, or a committee thereof, should set policies and principles for CEO selection and performance review, as well as policies regarding succession in the event an emergency or the retirement of the CEO. The Board shall also establish policies and principles for the long-term succession to the position of CEO.

The Compensation Committee will conduct an annual review and approve corporate goals and objectives relevant to CEO compensation and set the CEO's compensation level based on this evaluation.

#### **Periodic Review**

The Board is responsible for annually reviewing these principles, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.