

INNOVATE CORP.

CORPORATE GOVERNANCE GUIDELINES

BOARD MISSION AND OBJECTIVES

Board Mission Statement. The primary mission of the Board of Directors (the “**Board**”) of INNOVATE Corp. (the “**Company**”), is to enable the Company to provide superior products and services that are the subject of the Company’s businesses from time to time, adhere to the laws of the jurisdictions where it operates, maintain high ethical standards, and thereby build long-term value for its stockholders. Upon the recommendation of the Nominating and Governance Committee of the Board, the Board has adopted these Corporate Governance Guidelines (these “**Guidelines**”).

Corporate Authority and Responsibility. The business and affairs of the Company shall be managed under the direction of the Board. The Board may exercise that authority through delegation to committees of the Board and through the delegation of authority to the Company’s management, all in accordance with applicable law and the Certificate of Incorporation and By-Laws of the Company. The Board shall provide advice and counsel to management of the Company in carrying out management’s delegated responsibilities.

GENERAL PRINCIPLES

Expectations for Directors. Each member of the Board of the Company shall:

- Dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- Comply with the duties and responsibilities set forth herein and in the By-Laws of the Company;
- Exercise business judgment and act with loyalty and care and in conformity with governing law and the Certificate of Incorporation of the Company in such manner that each director believes to be in the best interests of the Company and its stockholders; and
- Adhere to the Company’s Code of Business Conduct and Ethics (the “**Code of Conduct**”) and policies adopted by the Board, including, but not limited to, the policies on conflicts of interest expressed therein.

Responsibilities of the Members of the Board. Members of the Board fulfill their mission (directly or by delegating certain responsibilities to committees of the Board) by:

- Overseeing strategic, financial and execution risks and exposures associated with the Company’s business strategy, policy matters, significant litigation and regulatory

exposures, and other current matters that may present material risk to the Company's or its subsidiaries' financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures;

- Providing advice and counsel to the Chairman of the Board, the Chief Executive Officer (and principal senior executives);
- Selecting, regularly evaluating and, where appropriate, replacing the Chairman, the Chief Executive Officer and other senior executives in accordance with the Certificate of Incorporation and By-Laws of the Company;
- Reviewing and approving the compensation plans, policies and arrangements for executive officers, other officers and employees to ensure they are appropriate, competitive and properly reflect the Company's objectives and performance;
- Overseeing the overall strategy of the Company and monitoring its performance against its operating plan and against the performance of its peers;
- Reviewing and approving the Company's financial objectives and major corporate plans and actions;
- Providing oversight of internal and external audit processes and financial reporting and taking actions, upon the recommendation of the Audit Committee of the Company, that are necessary to ensure the integrity of the Company's accounting and financial reporting systems and that such controls are in place; and
- Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

Financial Literacy. Members of the Board should know how to read and understand fundamental financial statements and understand the use of financial information in evaluating the financial and operating performance of the Company.

Character of the Members of the Board. Members of the Board should be persons of good character and thus should possess all of the following personal characteristics:

- **Integrity:** Directors should demonstrate high ethical standards and integrity in their personal and professional dealings;
- **Accountability:** Directors should be willing to be accountable for their decisions as directors;
- **Judgment:** Directors should possess the ability to provide wise and thoughtful counsel on a broad range of issues;
- **Responsibility:** Directors should interact with each other in a manner which encourages responsible, open, challenging and inspired discussion; and

- High Performance Standards: Directors should have a history of achievements which reflects high standards for themselves and others.

BOARD COMPOSITION AND SELECTION

Board Size. The Board of the Company shall, in accordance with the By-Laws of the Company, determine the size of the Board which is optimal to allow the Board to operate effectively, to accomplish its goals and to fulfill its responsibilities. The Board of the Company believes that, under current circumstances, the size of the Board should generally be between three (3) and seven (7) members. The Nominating and Governance Committee will periodically review the size of the Board and recommend any proposed changes to the Board.

Selection of Members of the Board. The Board shall be elected in the manner provided in the By-Laws of the Company. The Nominating and Governance Committee shall identify, and recommend to the Board, candidates who are qualified to become members of the Board in accordance with the policies and principles set forth in the Nominating and Governance Committee's Charter, the By-Laws of the Company, the Certificate of Incorporation of the Company and these Guidelines.

Annual Meeting of Stockholders. The Board shall select, from among the candidates identified and recommended by the Nominating and Governance Committee, the slate of nominees as candidates for election to the Board at each annual meeting of the Company's stockholders in accordance with the By-Laws of the Company. In accordance with the provisions of its Charter, the Nominating and Governance Committee shall consider candidates recommended by stockholders in accordance with applicable law, rule or regulation. Candidate nominations may be sent to the Company, to the attention of the Corporate Secretary, in accordance with policies and procedures adopted from time to time by the Board or a committee thereof.

Vacancies/New Positions. The Board may fill vacancies on the Board and newly-created positions on the Board resulting from any increase in the authorized number of directors in the manner provided in the By-Laws of the Company. Should the Board choose to fill such vacancies or newly-created positions, the Board shall select such directors from among the candidates identified and recommended by the Nominating and Governance Committee.

BOARD MEMBERSHIP CRITERIA; INDEPENDENT DIRECTORS

(a) The Nominating and Governance Committee shall assist the Board in determining the appropriate characteristics, skills and experience for the individual members of the Board and the Board as a whole.

(b) In evaluating the suitability of individual candidates and nominees, the Nominating and Governance Committee and the Board shall consider relevant factors, including, but not limited to:

- A general understanding of marketing, finance, corporate strategy and other elements relevant to the operation of a publicly-traded company in today's business environment;

- An understanding of the Company’s businesses;
- Educational and professional background and experience; and
- Character.

(c) The Nominating and Governance Committee and the Board shall evaluate each individual candidate and nominee in the context of the Board as a whole, with the objective of recommending a slate of nominees who can best oversee the management of the Company’s businesses and represent stockholder interests through the exercise of sound judgment using their diversity of experience in these relevant areas.

(d) In determining whether to recommend a member of the Board for re-election, the Nominating and Governance Committee and the Board also shall consider such member’s past attendance at meetings and participation in, and contributions to, the activities and deliberations of the Board. A director is expected to strive to attend all meetings of the board and their respective committees, and a director that attends less than 75% of meetings may not be recommended for reelection.

Board Composition. When and as required by the rules (including any applicable grace period following initial listing of the Company’s securities) of the New York Stock Exchange (or such securities exchange on which the Company’s securities are listed for trading from time to time, the “*Exchange*”) and applicable law and regulation, the majority of the members of the Board must be “independent,” as determined by the Board, which shall include an affirmative determination that each “independent” member of the Board has no material relationship with the Company (either directly or as a partner, significant equity holder or officer of an organization that has a relationship with the Company), or with an executive officer of the Company, that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Failure to comply with the foregoing membership requirements will not, however, affect the validity of actions taken by the Board, if such actions are taken in accordance with the By-Laws of the Company. For purposes of these Guidelines, a member of the Board may (but need not) be considered independent if such member has not been employed by the Company within the last three (3) years (other than as an interim Chairman or Chief Executive Officer or other executive officer) and:

- Does not have an immediate family member that has been employed by the Company as an executive officer within the last three (3) years;
- Has not, and does not have an immediate family member that has, received more than \$120,000 in direct compensation from the Company during any twelve-month period within the last three (3) years, other than (i) director and committee fees, (ii) benefits under a pension plan or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), (iii) compensation received for prior service as an interim executive officer, and (iv) compensation paid to an immediate family member who is an employee (other than as an executive officers) of the Company;

- Is not a current employee, and has not been within the last three (3) years, and does not have an immediate family member who is, a partner in, an executive officer of, any organization to which the Company made, or from which the Company received, payments that exceed 2% of the organization's consolidated gross revenues for that year, or \$1,000,000, whichever is more, in any of the most recent three (3) fiscal years;
- Is or was not, and does not have an immediate family member who is or was, employed as an executive officer of another entity at any time during the most recent three (3) fiscal years where any of the Company's present executive officers at the same time serve or have served on the compensation committee of such other entity; and
- (i) Is not a current employee of the Company's internal or external auditor, and (ii) is not, and does not have an immediate family member who is, (a) a current partner of such firm, (b) an employee of such firm and personally works on the Company's audit, or (c) or was a partner or employee of such a firm and personally worked on the Company's audit at any time during any of the past three (3) years.

For the purposes of determining the independence of a director that is not the subject of any of the foregoing relationships, the Nominating and Governance Committee and the Board may consider the following relationships of such director:

- Whether such director is, or has been within the last three (3) years, an executive officer or an employee of a significant customer or supplier of the Company; and
- Whether such director is affiliated with any not-for-profit entity which, in the business judgment of the Board, receives significant contributions from the Company.

For the purposes of the foregoing independence guidelines, the "Company" shall include any subsidiaries or controlled affiliate of the Company, and an "immediate family member" shall include a person's spouse, parents, children, siblings, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, and anyone who resides in such person's home (other than domestic employees).

Members of the committees of the Board may be expected to meet heightened independence and other requirements imposed by the Exchange and other laws and regulations, as set forth in the charters governing such committees. Each member of the Board shall promptly advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee of any matters which, at any time, may affect such member's qualifications for membership on the Board or any committee thereof under the criteria imposed by the Exchange, any other laws and regulations or these Guidelines, including, but not limited to, such member's "independence."

Impairment of Independence. Each "independent" member of the Board shall promptly notify the Chairman of the Board and the Chairman of the Nominating and Governance Committee if any actual or potential conflict of interest arises between such member and the Company which may impair such member's independence. If a conflict exists and cannot be resolved such member should submit to the Board written notification of such conflict of interest and an offer of resignation from the Board and each of the committees on which such member serves. The Board

need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of such individual's membership on the Board. In some cases, it may be appropriate for such member to be replaced as a member of one or more of the committees on which he or she serves but be retained as a member of the Board.

Related-Party Transactions. The Board shall evaluate and approve, ratify or disapprove, in consultation with the Audit Committee or another committee designated by the Board for such purpose, any related party transaction, based on whether such transaction presents inappropriate conflict of interest, impairs the "independence" of any related person (as defined in Item 404 of Regulation S-K) and/or is fair to the Company. For purposes hereof, a related party transaction is any transaction, since the beginning of the Company's last fiscal year, or any currently proposed transaction, in which the Company was or is to be a participant and the amount involved exceeds \$120,000, and in which any related person had or will have a direct or indirect material interest.

New Directors and Continuing Education. Within a reasonable period after election or appointment to the Board, each new member of the Board shall commence participation in an orientation program in which such new member will visit facilities representing the Company's business lines and will have the opportunity to meet with corporate department heads, which orientation program shall be completed within a reasonable period of time after election or appointment. In addition, the management of the Company shall provide new members of the Board with materials, briefings and educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. In addition, from time to time on a continuing basis, all members of the Board shall receive additional materials, briefings and educational opportunities to enable them to remain current with matters within their purview.

Limitations on Service.

(a) The Board does not believe that its members should be prohibited from serving on boards of directors and/or committees of not-for-profit entities or organizations. The Board has not adopted any guidelines limiting service on boards of directors and/or committees of public companies or not-for-profit entities or organizations; provided, however, that each member of the Board is responsible for ensuring that the time required by such activities is not detrimental to such member's ability to fulfill the duties and responsibilities of membership on the Board. Moreover, the Nominating and Governance Committee and the Board will take into account the nature of, and time involved in, the service of a member of the Board to other entities and organizations in evaluating the suitability of individual members for service on the Board. Notwithstanding the foregoing, any service to other entities and organizations shall be consistent with the Company's conflict of interest policies, as expressed in the Code of Conduct, and all laws, rules and regulations applicable to the Company, including those of the Exchange and the Securities and Exchange Commission.

(b) Members of the Board shall notify the Chairman of the Board and the Nominating and Governance Committee and offer his or her resignation from the Board in the event that such member's affiliation or position of principal employment changes substantially after election or appointment to the Board, in order that the Nominating and Governance Committee, together with

the Board, may examine the effects of such change for potential conflicts of interest and adherence to these Guidelines.

(c) Subject to the Company's By-Laws for exceptions, going forward, members of the Company's management serving on the Board who cease to serve as a member of the Company's management shall offer his or her resignation from the Board effective as of the last date of employment. The Board need not accept such offer of resignation; however, generally, a member of the Company's management shall not continue to serve as a member of the Board following such cessation of employment.

(d) A member of the Board may not stand for election after age seventy-five (75) but need not resign until the end of his or her current term; however, the Board may, in its discretion, ask such a member of the Board, if willing, to stand for election if the Board believes that such member of the Board will make significant contributions to the work of the Board.

Removal of Directors. Members of the Board will offer his or her resignation from the Board upon the occurrence of any of the following events after election or appointment to the Board:

(a) Being indicted for, pleading guilty to or being found guilty of any felony or violating any state or federal securities laws; or

(b) Admitting liability, or being found to have liability, for committing an act of fraud, embezzlement, misappropriation or breach of fiduciary duty.

The Board may, in its discretion, refuse to accept such resignation if the Board believes that such member of the Board will make significant contributions to the work of the Board.

Conflicts of Interest. Members of the Board must disclose a potential conflict of interest with respect to any matter on which the Board is considering action that affects their personal, business or professional interest, and may be required to recuse themselves from any discussion or decision with respect thereto. The non-interested members of the Board shall consider and resolve any issues involving conflicts of interest of members of the Board.

Equity Ownership by Directors. Members of the Board are strongly encouraged to have equity ownership in the Company. In general, it is expected that within three (3) years after initial election or appointment to the Board, each member of the Board should own a minimum of \$100,000 in common stock of the Company as of December 31st of each year (with such value to be determined as the higher of (i) the market value on December 31st of each year or (ii) the cost of the common stock at the time of purchase or vesting). The Company shall take all necessary steps to facilitate such ownership.

CHAIRMAN OF THE BOARD; LEAD INDEPENDENT DIRECTOR

Chairman of the Board. The Board shall elect a Chairman of the Board from among the members of the Board from time to time, to serve at the pleasure of the Board. The Chairman of the Board may be removed as Chairman of the Board at any time by a majority of the members of the Board. The Chairman of the Board shall be responsible for:

- presiding over all meetings and strategy sessions of the Board;
- preparing the agenda for Board meetings with the Corporate Secretary and in consultation with the other members of the Board;
- ensuring information flows openly between senior management and the Board;
- presiding over all meetings of stockholders; and
- performing such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its duties.

Lead Independent Director. In the event the Chairman of the Board is not “independent” pursuant to these Guidelines, the rules of the Exchange and any other applicable rules or regulations, the Board shall select another director to serve as “Lead Independent Director” from among the members of the Board that are determined at that time by the Board to be “independent.” The Lead Independent Director shall be responsible for:

- convening executive sessions of the independent directors;
- setting the agenda of and leading meetings of the independent directors;
- briefing the Chairman and Chief Executive Officer regarding issues arising during executive sessions, as necessary;
- collaborating with the Chairman and Chief Executive Officer to determine the Board agenda and Board information following consultations with the independent directors and the committee chairpersons; and
- facilitating Board communication among the independent directors outside of Board meetings.

Resources of the Chairman of the Board. The Chairman of the Board will be provided adequate staff and resources, as determined by the Board, to discharge his or her duties.

Compensation of the Chairman of the Board and/or Lead Independent Director. The Compensation Committee shall recommend, and the Board shall have the authority to approve, the compensation for an “independent” Chairman of the Board and/or Lead Independent Director, which compensation should reflect the commitment of time and energies necessary to discharge properly the duties of the Chairman of the Board and/or Lead Independent Director.

BOARD MEETINGS

Board Meetings - Agenda. The Chairman of the Board will set the agenda for each meeting of the Board. In the event the Chairman of the Board is not present at such a meeting, the “independent” members of the Board may select a member of the Board to preside at such meeting. In such event, such presiding member of the Board shall set the agenda for such meeting.

Each member of the Board is encouraged to suggest for inclusion on the agenda any items which such members feels bear consideration by the Board.

Number of Meetings. The Board shall hold at least four (4) regularly scheduled meetings each year. Additional unscheduled meetings of the Board may be called by the Chairman of the Board or a majority of the other members of the Board upon the giving of the notice required under the By-Laws of the Company to address specific requirements or needs of the Company. The Board is encouraged to plan meetings such that the members of the Board may conveniently visit facilities of the Company in conjunction with such meetings.

Annual Planning Session. The Board will review the Company's long-term strategic plan and the principal issues facing the Company at a minimum of at least one (1) meeting per year.

Advance Distribution of Materials. All materials, information and data that are relevant to the understanding by the members of the Board of matters to be discussed at its meetings, where feasible, should be distributed, either electronically or in writing, to all members of the Board at least three (3) business days or five (5) calendar days in advance of the regularly scheduled meeting. Such materials, information and data shall be distributed in a manner that, considering the complexity of the materials, information and data, will provide each member of the Board with a reasonable opportunity to review the materials, information and data. It is acknowledged that, in some situations, exigent circumstances or the need to protect confidential and proprietary information may make it impracticable to provide information in advance of a meeting, in which case adequate time shall be provided at such meeting for review and discussion of information not provided in advance.

Access to Management and Independent Advisors.

(a) The Board, its committees and its members shall have access to any member of the management of the Company to discuss any subject that the Board, its committees or its members desire. Any meetings or contacts which the Board, its committees or its members desire to initiate with any member of the Company's management may be arranged through the Chairman of the Board or other appropriate means. Any such contact should not be disruptive to the operations of the Company. The Chief Financial Officer will advise the Board and committees thereof on appropriate procedures for the conduct of meetings and on corporate governance matters, and all members of the Board shall have access to his or her advice and services. The members of the Board are encouraged to visit facilities of the Company in connection with meetings of the Board and otherwise.

(b) The Board and its committees may rely upon the advice of outside advisors and shall be protected in so relying to the extent provided by applicable law. The Board and each of its committees shall have the power and authority to engage outside advisors (including counsel) as they deem necessary or appropriate, without consulting, or obtaining the approval of, any members of the Company's management. The Board and each of its committees, as applicable, shall take reasonable steps to inform management of the commitments entered into by the Board or such committee.

(c) Hiring of senior executives (officers or direct reports of the Chief Executive Officer) recommended by the Chief Executive Officer should have prior Board approvals before the position is offered.

RESPONSIBILITIES OF THE BOARD

(a) Directors are expected to attend all regularly scheduled meetings and other meetings for which proper advance notice, in accordance with the By-Laws of the Company, is given, unless prevented by exigent circumstances, and to have, prior to the meetings, reviewed all materials, information and data distributed to them in advance.

(b) Each director is expected to understand, and comply with, all fiduciary duties to the extent applicable to such director.

EXECUTIVE SESSIONS OF INDEPENDENT DIRECTORS

Meetings of Independent Directors. Prior to and/or following each regularly scheduled meeting of the Board, the members of the Board that are independent shall endeavor to meet in executive sessions without the participation of the members of the Board who are not independent and management, but in any event will so meet in executive session at least annually. The independent directors also may hold such executive sessions which are not scheduled in conjunction with regularly scheduled meetings of the Board. The Lead Independent Director will set the agenda for and lead each executive session. In the event the Lead Independent Director is not present at such a session, the other independent members of the Board present at such session may select a member to preside at such session. In such event, such presiding member shall set the agenda for such session. At such meetings, the independent directors shall review matters concerning the relationship of the Board with the Company's management, including the management directors, and such other matters as the independent directors may deem appropriate. The independent directors shall not take formal action at such meetings, but the participating directors may make recommendations for consideration by the Board.

SUCCESSION PLANNING; ANNUAL EVALUATION

Succession Planning. The Board, or a committee of the Board, shall work with the Chairman of the Board and the Chief Executive Officer to plan for Chief Executive Officer succession, as well as to develop plans for interim succession for the Chief Executive Officer in the event of an unexpected occurrence. The Board, or a committee of the Board, shall consider and periodically reconsider the qualities and characteristics necessary for such position. The Board, or a committee of the Board, shall review the development and progression of potential internal candidates against those standards.

Evaluation of the Board. The Board, in consultation with the Nominating and Governance Committee, shall conduct an annual evaluation of the Board to determine whether it and its committees are composed appropriately and functioning effectively. This evaluation shall include an assessment of such factors as experience, integrity, competence, diversity, skills, dedication and equity ownership in the context of the Board as a whole.

COMPENSATION

Compensation Review.

(a) The Compensation Committee will from time to time review and, when it deems appropriate, recommend to the Board changes in compensation and benefits of the non-employee members of the Board.

(b) The Company will reimburse non-employee directors for their expenses incurred in connection with Board and committee service.

(c) No non-employee director shall be entitled to any pension or similar benefit solely as a result of his or her service as a director.

COMMITTEES

Board Committees. The Board currently has three (3) standing committees. The standing committees are as follows:

- The Audit Committee, which is, among other things, responsible for reviewing all reports made by auditors and monitoring internal controls. The Audit Committee will consist of at least three members;
- The Compensation Committee, which is, among other things, responsible for reviewing compensation programs and administering equity based compensation plans; and
- The Nominating and Governance Committee, which is, among other things, responsible for proposing and recommending to the Board potential candidates for membership on the Board.

The Board may establish new committees or, except as otherwise required by law, regulation or listing standards of the Exchange, eliminate or combine existing committees or modify their duties and responsibilities as it deems advisable for purposes of fulfilling its duties and responsibilities. As and to the extent required by law or the Exchange listing standards, each such committee will be composed of members of the Board who are “independent” for purposes of service on such committee and meet any financial literacy requirements.

Charters. Each of the standing committees of the Board shall have its own charter setting forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership and procedures for committee operation. Such charters shall be approved by the Board and shall comply with all applicable laws, rules and regulations and, as appropriate, Exchange listing standards.

COMMUNICATIONS WITH STOCKHOLDERS

Stockholder Communications to the Board. Stockholders may contact the Board or the non-employee directors about bona fide issues or questions about the Company at the following address:

Board of Directors/Non-Employee Directors
INNOVATE Corp.
295 Madison Avenue, 12th Floor
New York, NY 10017
Attention: Corporate Secretary

Or e-mail should be addressed to corpsec@innovatecorp.com and marked “Attention: Corporate Secretary” in the “Subject” field.

Each communication should specify the applicable addressee or addressees to be contacted as well as the general topic of the communication. The Corporate Secretary will review and forward all communications from stockholders or other interested parties to the intended recipient, except for those communications from stockholders or other interested parties that are outside the scope of Board matters or duplicative of other communications by the applicable stockholder or interested party and previously forwarded to the intended recipient.

Annual Meeting of Stockholders. Each director is encouraged to attend the Annual Meeting of Stockholders.

CODE OF BUSINESS CONDUCT AND ETHICS

Code of Conduct. The Board or a committee thereof will be responsible for establishing and maintaining the Company’s Code of Conduct, which currently covers, among other things, the Company’s policies concerning:

- Conflicts of interest;
- Corporate opportunities;
- Fair dealing;
- Compliance with laws, rules and regulations; and
- Encouraging the reporting of any illegal or unethical behavior.

Waivers of Code of Conduct. Any waivers of any provisions of the Code of Conduct for members of the Board or executive officers may be made only by the Board or a committee to which the Board has delegated such authority, and any such waivers shall be timely reported or disclosed in such manner as may be required by the Securities and Exchange Commission or the Exchange.

COMMUNICATIONS WITH THE MEDIA

The Board believes that the Company's management and the Chairman of the Board speak for the Company. In order to ensure compliance with applicable securities laws and to avoid potential detriment to the interests of the Company and its stockholders and other constituencies that could result from inconsistent communications, the members of the Board will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chairman of the Board or the Board, and otherwise in accordance with the Company's Regulation FD Policy.