

GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES

Responsibility of the Board

The primary mission of the Board of Directors of International Steel Group Inc. (the “Company”) is to advance the interests of the Company’s stockholders by creating a valuable long-term business. The Board believes that this mission is best served by establishing a corporate culture of accountability, responsibility and ethical behavior through the careful selection and evaluation of senior management and members of the Board and by carrying out the Board’s responsibilities with honesty and integrity.

In discharging their obligations, directors should be entitled to rely on the honesty and integrity of the Company’s executives and its outside advisors and auditors. Board members are expected to rigorously prepare for, attend, and participate in all Board meetings and meetings of Board committees on which they serve and to devote the time necessary to appropriately discharge their responsibilities. Each Board member is expected to ensure that other commitments do not materially interfere with such member’s service as a director.

Director Selection

Board Membership Criteria. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, at least annually, the appropriate skills and experience required of Board members. This assessment should include factors such as judgment, skill, diversity, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate’s experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board.

Selection of Director Nominees. The Nominating and Corporate Governance Committee will recommend candidates for election to the Board in accordance with the policies and principles in its charter and the criteria described herein. The invitation to join the Board should be extended by the Board jointly through the Chairman of the Board and the Chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will review the nomination of incumbent directors for re-election to the Board upon expiration of such director’s term.

Director Orientation and Continuing Education. The Company will establish and review periodically an orientation program for new directors that includes presentations by senior management. All directors will also be invited to participate in the orientation program. Periodically, the Company will provide opportunities for directors to visit the Company’s significant facilities in order to provide greater understanding of the Company’s business and operations.

Board Composition

Independent Directors. A majority of the members of the Board shall be “independent” as such word is described in the Company's categorical standards of independence attached hereto as Annex A. These categorical standards of independence shall be periodically reviewed and revised by the Board as necessary to reflect the rules of the New York Stock Exchange and under applicable law. The Board believes that the Company's CEO and CFO should be the only Company executives eligible to serve as directors.

Size of the Board. Immediately after the Company's initial public offering, the Board had four members. As the Company grows into its role as a public company, it is the sense of the Board that a size of between nine and thirteen directors on the Board will be appropriate. The Board determines the number of directors as permitted in the Company's certificate of incorporation or by-laws and will periodically review the size of the Board based on recommendations of the Nominating and Corporate Governance Committee.

Service on Other Boards. Directors should advise the Chairman of the Board, the CEO and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on the board of directors of another company. Additionally, the CEO and other executive officers must seek the approval of the Board before accepting membership on other boards (or similar bodies), including corporate and charitable boards.

Changes in Professional Responsibility. The Board should consider whether a change in an individual's professional responsibility directly or indirectly impacts that person's ability to fulfill his or her obligations as a director of the Company. Any director who is an employee of the Company should submit his or her resignation upon retirement, resignation or termination. The Board may accept or reject such resignation in its discretion after consultation with the Nominating and Corporate Governance Committee.

Term Limits. The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

Retirement Policy. The Board does not believe that age alone should determine whether an individual should serve as a director and therefor does not believe that a mandatory retirement age for directors is appropriate; however, no nominee or director may stand for election or reelection, as the case may be, after the age of 74.

Director Compensation and Performance

Compensation Policy and Annual Compensation Review. It is the policy of the Board to provide independent directors with a mix of compensation, which may include an annual cash retainer, meeting attendance fees, and annual stock option grants based on continued service on the Board and Company performance. Proposed changes in Board compensation shall initially be reviewed by the Compensation Committee, but any changes in the compensation of directors shall require the approval of the Board. The Compensation Committee shall periodically review

the status of Board compensation in relation to other comparable companies and other factors the Committee deems appropriate. The Committee shall discuss its review with the Board.

Annual Performance Review. The Nominating and Corporate Governance Committee shall provide the Board with an assessment, at least annually, of the Board's performance and procedures.

Transactions with Directors or their Affiliates. The Company shall not, directly or indirectly, provide any extension, maintenance or renewal of an extension of credit to any director or member of management of the Company. The Company shall also be prohibited from making, substantial charitable contributions to organizations in which a director is affiliated, entering into consulting contracts with, or providing other indirect forms of compensation to, a director for serving as a director. Any waiver of this policy may be made only by the Board or a Board committee and must be promptly disclosed to the Company's stockholders.

Board Meetings

Schedule. Board meetings are scheduled in advance and held not less than quarterly. The Board holds special meetings as required.

Agendas. The CEO and other members of senior management, will establish the agenda for each Board meeting. Each Board member may submit items to be included on the agenda. Board members may also raise subjects that are not on the agenda at any meeting.

Distribution of Board Material. Information that is important to the Board's understanding of the Company's business should be distributed to the Board members a reasonable period of time before the Board meeting.

Strategic Planning. The Board shall hold an annual strategic planning meeting. The timing and agenda of the strategic planning meeting shall be determined by the CEO.

Meetings of Independent Directors. The independent directors will meet at least quarterly without management directors present. Meetings of the independent directors should generally coincide with regularly scheduled Board meetings; however, a majority of the independent directors, may call a meeting of the independent directors at any time. One of the independent directors (the "lead independent director") shall supervise the conduct of the meetings of independent directors, shall communicate the results of the meetings to the CEO, as appropriate, and shall have other responsibilities which the independent directors may designate from time to time. Consistent with New York Stock Exchange listing requirements, the Company shall identify such lead independent director in the proxy statement for the Company's annual meeting of stockholders.

Board Presentations and Access to Employees and Advisors. Directors shall have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisers, including legal counsel and independent accountants. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary or directly by the director. The directors will use their judgment to ensure that any

such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, provide the CEO with a copy of any written communications between a director and an officer or employee of, or adviser to, the Company.

The Board encourages senior management to invite to Board meetings officers and other key employees who can provide additional insight into the items being discussed, or that senior management believes should be given exposure to the Board.

Board Interaction With Investors, Media and Others. The Board believes that senior management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do so with the knowledge of senior management and at the request of senior management.

Board Committees

Standing Committees. Consistent with New York Stock Exchange listing requirements, the Board will have at all times an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. The members of those committees will be “independent” under the criteria established by the New York Stock Exchange and under applicable law.

Committees shall receive authority exclusively through delegation from the Board through Board resolutions, committee charters or as provided by these guidelines. All committee actions must be ratified by the Board before becoming effective, unless taken pursuant to an express delegation of authority. In addition to the authority granted hereunder or under each committee’s charter, the Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary without consulting or obtaining the approval of senior management.

Appointment and Term of Service of Committee Members. Committee members will be appointed by the Board with consideration of the desires of individual directors. Consideration will be given to rotating committee members periodically, but the Board does not believe that rotation should be mandated as a policy. Committee chairs shall be selected by the respective committee members, except with respect to the Audit Committee Chair who will be selected by the Board.

Committee Charters. Consistent with New York Stock Exchange listing requirements, each standing committee will have a written charter approved by the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for appointment and removal, structure and operations, and reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. Consistent with New York Stock Exchange listing requirements, the charters will be included on the Company’s website and copies of the charters will be made available upon request to the Company’s Secretary.

Committee Meetings and Committee Agenda. Each committee chair, in consultation with the committee members and appropriate officers of the Company, will determine the

frequency of committee meetings consistent with the committee's charter, provided that a majority of committee members may call a meeting of the committee on which they are members at any time. Each committee chair, in consultation with the other members of the committee and senior management, will develop the committee's agenda.

Management Succession

CEO Selection. The Board shall select a CEO in a manner that is in the best interests of the Company.

Evaluation of Executive Officers. The Compensation Committee will conduct an annual review of the performance of the CEO, and the other non-CEO executive officers of the Company in light of the goals and objectives of the Company. The Compensation Committee will set executive officer compensation based on such factors as it deems appropriate.

Succession Planning and Management Development. The Nominating and Corporate Governance Committee should, at least annually, make a report to the Board on succession planning. The Company's succession plan will include appropriate contingencies in case the Chairman of the Board or the CEO retires or is incapacitated; provided, however, that if for any reason the Chairman no longer serves as such, the CEO will replace the Chairman and serve the Company in such capacity for the remainder of the then existing term of the Chairman. The Board, with the assistance of the Nominating and Corporate Governance Committee, will evaluate potential successors to the Chairman of the Board and the CEO. The Chairman of the Board and the CEO should at all times make available their recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

Consistent with New York Stock Exchange listing requirements, these guidelines will be included on the Company's website and will be made available upon request to the Company's Secretary. The Company's Annual Report on Form 10-K will state the foregoing.

February 24, 2004

Annex A

Categorical Independence Standards for Directors

The Board has adopted the following standards to assist it in making determinations of director independence, and may revise these standards from time to time as it deems appropriate, subject to applicable stock exchange listing requirements:

1. A director who is an employee, or whose immediate family member is an executive officer, of the Company or any of its controlled affiliates (collectively, "**ISG**") is not independent until three years after the end of such employment relationship.
2. A director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from ISG, other than the normal compensation and benefits for service as a director (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 in such compensation. [Compensation received by an immediate family member for service as a non-executive employee of ISG need not be considered in determining independence under this test.]
3. A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or formal internal or external auditor of the Company is not independent until three years after the end of either the affiliation or the auditing relationship.
4. A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of the Company's present executives serves on that company's compensation committee is not independent until three years after the end of such service or employment relationship.
5. A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payments from, ISG for property or services in an amount which in any single fiscal year exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold.
6. A director who serves as an executive officer of a charitable organization that receives contributions from ISG in any single fiscal year in excess of the greater of \$1 million or 2% of such charitable organization's consolidated gross revenues is not independent until three years after falling below such threshold.
7. A director who has any other material ongoing relationship with the Company will not be considered independent for as long as such relationship is ongoing.

Director affiliations that do not conflict with these standards or exceed these threshold will not be considered to impair a director's independence. For purposes of this determination of director

independence, the term "immediate family member" shall include a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such person's home.