

**CORPORATE GOVERNANCE GUIDELINES  
OF  
NORTEK, INC.**

(effective May 2013)

**SELECTION AND COMPOSITION OF BOARD OF DIRECTORS**

*Size of the Board*

The charter and by-laws of Nortek, Inc. (the “Corporation”) provide that the board of directors consist of not less than seven (7) nor more than eleven (11) directors with the exact number determined from time to time by resolution of the directors. We believe a board should neither be too small to maintain the needed expertise and independence nor too large to be efficiently functional. Our general expectation is that our board will consist of nine (9) directors, although we periodically review the appropriate size and mix of the board in light of our stated objectives below.

*Role of Board of Directors*

The role of the board of directors is to (i) direct the affairs of the Corporation in the interests of the shareholders, and (ii) set expectations about the tone and ethical culture of the Corporation. The board of directors delegates the day-to-day management of the Corporation to the Chief Executive Officer and other senior executives of the Corporation, and provides oversight of management.

The board expects its directors, as well as officers and employees of the Corporation, to act ethically. Directors are expected to adhere to the Corporation Code of Business Conduct and Ethics.

*Selection of New Directors*

The board of directors is responsible for nominating individuals for election to the board of directors by the stockholders and filling vacancies. The board of directors has delegated to the Nominating and Corporate Governance Committee the process for identifying and recommending to the board, qualified candidates for director positions. The Nominating and Corporate Governance Committee will consider stockholder recommendations for candidates for the board of directors, using the criteria described below.

*Board Membership Criteria*

The Nominating and Corporate Governance Committee of the board of directors is responsible for reviewing with the entire board from time to time the appropriate skills and characteristics required of board members and nominees in the context of the current make-up of the board of directors.

It is the policy of our board of directors that directors should bring to the Corporation a variety of perspectives and skills that are derived from high quality business and professional experience and that are aligned with the Corporation's strategic objectives. Characteristics expected of all directors include integrity, high personal and professional ethics, sound business judgment, and a commitment to representing the long-term interests of stockholders. It is also the policy of our board of directors that the composition of the board of directors at all times adhere to the standards of independence promulgated by The NASDAQ Stock Market, including The NASDAQ Stock Market Rules (the "NASDAQ Rules"), and as further clarified below under "*Director Independence*."

We also require that our board members be able to dedicate the time and resources sufficient to ensure the diligent performance of his or her duties on our behalf, including attending all board and applicable committee meetings. In this respect, directors are expected to advise the Chairman of the board of directors and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting any other public company directorship or assignment to the audit committee of the board of any other public company.

#### *Director Independence*

The board of directors believes that as a matter of policy at least a majority of the members of our board of directors should be independent in accordance with the requirements of the NASDAQ Rules. The Nominating and Corporate Governance Committee is responsible for assessing compliance with this standard on an annual basis.

The board of directors has determined that a director will not be considered to have a relationship that interferes with the exercise of independent judgment under the NASDAQ Rules if he or she is an executive officer of another company which is indebted to the Corporation, or to which the Corporation is indebted, unless the total amount of either company's indebtedness to the other is more than one percent of the total consolidated assets of the company which he or she serves as an executive officer.

In addition to the above independence requirements, the members of the audit committee and the compensation committee must also satisfy additional independence requirements under applicable rules and regulations.

#### *Selection of Chairman*

The board of directors may elect a Chairman of the Board, who shall preside over meetings of the board of directors when present. The board of directors does not have a fixed policy regarding the separation of the offices of Chairman of the Board and Chief Executive Officer and believes that it should maintain the flexibility to select the Chairman of the Board and its leadership structure, from time to time, based on the criteria that it deems to be in the best interests of the Corporation and its stockholders. When the Chairman of the Board and the Chief Executive Officer are the same person, the board of directors will appoint a Lead Independent Director with such duties and responsibilities as assigned by the board of directors.

### *Directors Who Change Their Present Job Responsibility*

Directors who retire or otherwise change from the principal occupation or background association they held when they were originally invited to join our board of directors should advise the Nominating and Corporate Governance Committee of any such change. The board of directors does not believe that directors who retire or otherwise change from the principal occupation or background association they held when they were originally invited to join our board of directors should necessarily leave the board. There should, however, be an opportunity for the board of directors, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of that director's membership under the circumstances.

### *Director Term Limits*

The board of directors 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 over time have developed increasing insight into the Corporation and its operations and therefore provide an increasing contribution to the board of directors as a whole.

The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer and the Chairman of the Board, will review each director's continuation on the board of directors every three years. This will also allow each director the opportunity to conveniently confirm his/her desire to continue as a member of the board of directors.

### *Retirement Policy*

Each non-employee director must retire from the board of directors at the expiration of such director's term following such director's 75th birthday, as such director's term is set forth in the Certificate of Incorporation of the Corporation, as amended from time to time.

## **BOARD COMPENSATION AND PERFORMANCE**

### *Board Compensation Policy and Stock Ownership*

The Compensation Committee shall have the responsibility for recommending to the entire board of directors the compensation for non-employee directors. An executive officer of the Corporation serving as a member of the board of directors shall not receive additional compensation for their service as director.

It is the policy of the board of directors that a significant portion of director compensation should be in the form of stock or stock based instruments in order to align their interest with those of stockholders.

### *Evaluation of Board Performance*

The board of directors and each committee undertakes a self-assessment annually. The Nominating and Corporate Governance Committee is responsible for coordinating and overseeing the self-assessment process and reporting to the Board. The purpose of the evaluation

is to increase the effectiveness of the board of directors, not to target individual directors. If the Nominating and Corporate Governance Committee or board of directors so desires, it may be assisted by an outside consultant in conducting the self evaluations.

#### *Orientation and Continuing Education*

As part of the orientation process for new directors, the directors will receive background written material on the Corporation and attend meetings with and presentations by senior management. The Corporation may request that directors participate in continuing education programs related to their particular responsibilities or committee assignments on the board.

#### *Interaction with Institutional Investors, Press, Customers, Etc.*

The board of directors believes that management speaks for the Corporation. Our individual non-management board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation, but no individual board member shall speak for the board or the Corporation and it is expected that these members would do this only after consulting with management and, in most instances, at the request of management.

### **MEETINGS OF THE BOARD OF DIRECTORS**

#### *Scheduling and Selection of Agenda Items for Board Meetings*

The Chairman of the Board, in consultation with other members of the board of directors, will determine the frequency and length of board meetings. It is the sense of the board of directors that regular meetings at appropriate intervals are in general desirable for the performance of their responsibilities. In addition to regularly scheduled meetings, additional unscheduled meetings may be called upon appropriate notice at any time to address any special needs.

The Chairman of the Board will establish the agenda for each board meeting and distribute it in advance to board members. Each director is free to suggest the inclusion of items on an agenda, to raise at any board meeting subjects that are not on the agenda for that meeting or to request the presence of or a report by any member of management. If the Chief Executive Officer is also Chairman of the Board, a contact director should be specified for directors wishing to discuss issues or add agenda items that are not appropriately or best forwarded to the Chief Executive Officer. During at least one board meeting each year, the board of directors will be presented the long-term strategic plan for the Corporation and the principal issues that it expects to face in the future.

#### *Board Material and Presentations*

Information and data that is important to the understanding of the business and matters to be considered at the board meeting should be distributed in writing and in advance to board members. As a general rule, materials on specific subjects should be sent to the board members sufficiently in advance so directors will be prepared to discuss questions that they may have about the material.

The board of directors encourages management to schedule individuals to present at board meetings who (i) can provide additional insight into the specific matters being discussed because of personal involvement in these areas or (ii) have future potential that management believes should be given exposure to the board of directors.

#### *Participation in Board Meetings & Annual Meeting of Stockholders*

It is the sense of the board of directors that, absent compelling and stated reasons, directors who attend fewer than 75% percent of board and committee meetings for two consecutive years should not be renominated. Each board member is expected to ensure that other existing and planned future commitments do not materially interfere with their service as a director.

All directors are expected to attend the Corporation's annual meeting of shareholders.

#### *Access to Management, Employees and Advisors*

Each director is encouraged to keep himself informed of the affairs of the Corporation between board meetings through direct contact with members of senior management and each director will have complete access to any such member of senior management. It is expected that any such contact will be coordinated through the Chairman of the Board and Chief Executive Officer and that each director will use judgment to assure that such access is not distracting to the business operation of the Corporation. In addition, the board of directors believes that it may be beneficial to the discharge of their duties as director for managers that do not serve on the board of directors to nonetheless attend board meetings on a regular basis.

#### *Meetings of the Non-Management Directors*

It is the policy of the board of directors to have a separate meeting session for the non-management directors periodically following regularly scheduled board meetings to review matters concerning the relationship of the board of directors with the management directors and other members of senior management and such other matters as it deems appropriate. The non-management directors shall not take any formal actions at these meetings, although they may subsequently recommend matters for full consideration by the board of directors.

Generally, the Chairman of the Board or the Lead Independent Director, as applicable, will preside at meetings of non-management directors.

#### *Communicating with the Board*

Interested parties may communicate to the board, its committees, or with the non-management directors as a group by writing to: c/o Secretary, Nortek, Inc., 50 Kennedy Plaza, Providence, Rhode Island 02903. All such letters will be promptly forwarded to the appropriate director or group.

## COMMITTEES OF THE BOARD OF DIRECTORS

### *Number of Committees*

Our board of directors may establish committees from time to time to facilitate and assist in the execution of its responsibilities.

We currently have three standing committees, a Compensation Committee, an Audit Committee and a Nominating and Corporate Governance Committee. The Corporation will comply with all then-effective requirements of the Nasdaq Rules relating to the constitution of key committees, including requirements relating to the independence of committee members.

Each committee shall have a written charter of responsibilities and authorities that shall be periodically reviewed by each committee and the board of directors. We have made the charter for each of our Compensation, Audit and Nominating and Corporate Governance Committees publicly available on our web site for review by our stockholders.

### *Assignment and Term of Service of Committee Members*

The board of directors is responsible for the appointment of committee members and committee chairmen, taking into account the desires of individual members and the suggestions of the Chairman of the Board and the Nominating and Corporate Governance Committee. In making such appointments, the board of directors shall consider the rotation of committee membership and chairmanship at appropriate intervals, although the board does not believe that rotation should be mandated as a policy.

### *Frequency and Length of Committee Meetings and Committee Agenda*

The committee chairman, in consultation with the other committee members, will determine the frequency and length of committee meetings and, in consultation with the Chairman of the Board and appropriate members of senior management, develop the agenda for committee meetings. The agendas and meeting minutes of the committees will be shared with the full board of directors. Any director that is not a member of a particular committee may attend any committee meetings with the concurrence of the committee chairman.

### *Succession Planning and Management Development*

The Chief Executive Officer reviews succession planning and management development with the board of directors and the Nominating and Corporate Governance Committee on an annual basis. This succession planning includes the development of policies and principles for selection of the Chief Executive Officer, including succession in the event of an emergency.

### *Review of Corporate Governance Guidelines*

The Nominating and Corporate Governance Committee reviews these Guidelines periodically and recommends amendments to the board of directors as necessary.