

GOODMAN GLOBAL, INC.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of Goodman Global, Inc. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. The Guidelines should be interpreted in the context of all applicable laws and the Company’s Certificate of Incorporation (the “Certificate of Incorporation”), the Company’s By-Laws (the “By-Laws”) and other corporate governance documents. The Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairpersons and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

The Guidelines shall be made available on the Company’s website at www.goodmanglobal.com and to any stockholder who otherwise requests a copy. The Company’s Annual Proxy Statement shall state the foregoing.

THE BOARD:

Size of the Board

The Amended and Restated Certificate of Incorporation and Amended and Restated By-laws provide that the number of directors will be fixed from time to time by the Board, but in no event will be less than three (3). The Board currently has seven (7) members. The Board will periodically review the size of the Board, and determine the size that is most effective in relation to future operations.

Independence of the Board

The Company is currently a “controlled company” (a “Controlled Company”) as defined under the listing standards of the New York Stock Exchange (the “NYSE”). The Board is not required to be comprised of a majority of directors who qualify as independent directors under the listing standards of the NYSE (“Independent Directors”). At such time as the Company is no longer a Controlled Company, the Board will be comprised of a majority of Independent Directors within the applicable time period under the NYSE listing standards.

The Corporate Governance and Nominating Committee of the Board (the “Corporate Governance and Nominating Committee”) will review annually the relationships that each director has with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). The standards used for determining director independence will be published in the Company’s Annual Proxy Statement.

Separate Sessions of Non-Management Directors

The Non-Management Directors will meet in executive session without management directors or management present at least two (2) times per year. The Non-Management Directors will review the Company's implementation of, and compliance with, its Guidelines and consider such matters as they may deem appropriate at such meetings. The Non-Management Directors will review the Company's implementation of and compliance with its Guidelines and consider such matters as they may deem appropriate at such meetings. Non-Management Directors are all directors who are not company officers (as that term is defined in Rule 16a-1(f) under the Securities Exchange Act of 1934), including such directors who are not independent by virtue of a material relationship, former status or family membership, or for any other reason.

In addition, if the Non-Management Directors include directors who are not also Independent Directors, the Independent Directors shall also meet separately at least once per year in executive session.

Director Qualification Standards

The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, on an annual basis, the appropriate characteristics, skills and experience required for the Board as a whole and its individual members. In evaluating the suitability of individual candidates (both new candidates and current Board members), the Corporate Governance and Nominating Committee, in recommending candidates for election, and the Board, in approving (and, in the case of vacancies, appointing) such candidates, takes into account many factors, including the ability to make independent analytical inquiries, general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today's business environment, understanding of the Company's business on a technical level, other board service and educational and professional background. Each candidate nominee must also possess fundamental qualities of intelligence, honesty, good judgment, high ethics and standards of integrity, fairness and responsibility. The Board evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas. In determining whether to recommend a director for re-election, the Corporate Governance and Nominating Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board.

Selection of New Directors

The Board is divided into three classes. Each year, one class of the Board will stand for election by the stockholders of the Company at the Company's annual meeting. Each year, at the annual meeting, the Board will recommend a slate of directors for election by the stockholders. In accordance with the Amended and Restated Certificate of Incorporation and Amended and Restated By-laws, the Board will also be responsible for filling vacancies or newly-created directorships on the Board that may occur between annual meetings of

stockholders. The Corporate Governance and Nominating Committee is responsible for identifying, screening and recommending candidates to the entire Board for Board membership.

No Specific Limitation on Other Board Service

The Board does not believe that its members should be prohibited from serving on boards of other organizations and has not adopted any guidelines limiting such activities, except with respect to members serving on the Audit Committee, as described below. However, the Corporate Governance and Nominating Committee and the Board will take into account the nature of and time involved in a director's service on other boards and/or committees in evaluating the suitability of individual director candidates and current directors and making its recommendations to the Company's stockholders.

Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other companies at the same time as they are serving on the Audit Committee.

Service on other boards and/or committees should be consistent with the Company's conflict of interest policies set forth below.

Directors Who Resign Their Current Positions With Their Company

When a director, including any director who is currently an officer or employee of the Company, resigns or materially changes his or her position with his or her employer, such director should submit his or her resignation from the Board, which the Board may accept or reject based on the recommendation of the Corporate Governance and Nominating Committee.

Term Limits

The Board does not believe it is in the best interests of the Company to establish term limits at this time. Additionally, such term limits may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company's business and therefore can provide an increasingly significant contribution to the Board.

Retirement

It is the general policy of the Company that no director may stand for election to the Board after his or her 70th birthday. The Board may, however, make exceptions to this standard, based on the recommendation of the Corporate Governance and Nominating Committee, as it deems appropriate in the interests of the Company's stockholders.

Director Responsibilities

The business and affairs of the Company will be managed by or under the direction of the Board, including through one or more of its committees as set forth in the By-laws and committee charters. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- (1) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company's major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company's financial statements;
- (4) reviewing and, where appropriate, approving major changes in, and determinations under the Company's Guidelines, Code of Ethics and other Company policies;
- (5) reviewing and, where appropriate, approving actions to be undertaken by the Company that would result in a material change in the financial structure or control of the Company, the acquisition or disposition of any businesses or asset(s) material to the Company or the entry of the Company into any major new line of business;
- (6) together with the Compensation Committee, regularly evaluating the performance and approving the compensation of the Chief Executive Officer;
- (7) with the input of the Chief Executive Officer and the Compensation Committee, regularly evaluating the performance of principal senior executives;
- (8) planning for succession with respect to the position of Chief Executive Officer, in the event of an emergency or retirement, and monitoring management's succession planning for other key executives; and
- (9) ensuring that the Company's business is conducted with the highest standards of ethical conduct and in conformity with applicable laws and regulations.

Compensation

The Company's executive officers shall not receive additional compensation for their service as directors. Upon the request of the Compensation Committee, senior management of the Company will report to the Compensation Committee regarding the status of the Company's non-employee director compensation in relation to other United States companies of comparable size and the Company's competitors. Such report will include consideration of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is involved. Following a review of the report, the Compensation Committee will recommend any changes in director compensation to the Board, which changes will be approved or disapproved by the Board after a full discussion.

Director fees are the sole form of compensation that members of the Audit Committee may receive from the Company.

Stock Ownership

The Company encourages directors to purchase shares of the Company's stock. However, the number of shares of the Company's stock owned by any director is a personal decision and, at this time, the Board has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict. If an actual or potential conflict of interest develops, the director should immediately report the matter to the Board. Any significant conflict must be resolved or the director should resign. If a director has a personal interest in a matter before the Board, the director will disclose the interest to the Board, excuse himself or herself from discussion on the matter and not vote on the matter.

Board Orientation and Continuing Education of Board Members

The Company provides new directors with a director orientation program to familiarize them with, among other things, the Company's business, strategic plans, significant financial, accounting and management issues, compliance programs, conflicts policies, Code of Ethics, Guidelines, principal officers, internal auditors and independent auditors.

The Company will make available to directors continuing education programs, and each director is expected to participate in such programs, as management or the Board determines desirable.

Interaction with Institutional Investors, the Press and Customers

The Board believes that management speaks for the Company. Each director should refer all inquiries from institutional investors, the press or customers to management. Individual Board members may, from time to time at the request of the management, meet or otherwise communicate with various constituencies that are involved with the Company.

Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Such contact, if in writing, should be copied to the Chief Executive Officer of the Company.

Board Access to Independent Advisors

The Board committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to such advisors and such other independent advisors that the Company retains or that the Board considers necessary or desirable to discharge its responsibilities.

Annual Self-Evaluation

Following the end of each fiscal year, the Corporate Governance and Nominating Committee will oversee an annual assessment by the Board of the Board's performance. The Corporate Governance and Nominating Committee will be responsible for establishing the evaluation criteria and implementing the process for such evaluation, as well as considering other corporate governance principles that may, from time to time, merit consideration by the Board.

The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the governance of the Company, as well as a review of the committee structure and an assessment of the Board's compliance with the principles set forth in the Guidelines. The purpose of the review will be to improve the performance of the Board as a unit, and not to target the performance of any individual Board member. The Corporate Governance and Nominating Committee will utilize the results of the Board evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board.

BOARD MEETINGS:

Frequency of Meetings

The Board will meet at least four (4) times annually. In addition, special meetings may be called from time to time as determined by the needs of the business. It is the responsibility of the directors to attend meetings.

Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of Non-Management or Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting is

expected to notify the Board or the chairman of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference.

Attendance of Non-Directors

The Board encourages the directors and members of the committees to bring Company management and outside advisors or consultants from time to time into Board and/or committee meetings to (i) provide insight into items being discussed by the Board which involve the manager, advisor or consultant, (ii) make presentations to the Board on matters which involve the manager, advisor or consultant, and (iii) bring managers with high potential into contact with the Board. Attendance of non-directors at Board meetings is at the discretion of the Board.

Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of such agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

COMMITTEE MATTERS:

Number, Name, Responsibilities and Independence of Committees

The Board currently has four committees. From time to time, the Board may form a new committee or disband a current committee, depending upon the circumstances. Each committee will perform its duties as assigned by the Board in compliance with the By-laws and the committee's charter.

In addition to the Executive Committee, the current committees are:

- (1) Audit Committee. The Audit Committee will be in compliance with the listing standards of the NYSE. The Audit Committee will review the work of the Company's internal accounting and audit processes and independent auditors. The committee has sole authority to appoint and fire the Company's independent auditors and to approve any significant non-audit relationship with the independent auditors.
- (2) Compensation Committee. The Compensation Committee will be in compliance with the listing standards of the NYSE. The Compensation Committee will review and approve the Company's goals and objectives relevant to compensation, stay informed as to market levels of compensation and, based on evaluations submitted by management, recommend to the Board compensation levels and systems for the Board and the Chief Executive Officer that correspond to the Company's goals and objectives. The committee also will produce an

annual report on executive compensation for inclusion in the Company's Annual Proxy Statement, in accordance with applicable rules and regulations.

- (3) Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee will be in compliance with the listing standards of the NYSE. The Corporate Governance and Nominating Committee will be responsible for recommending to the Board individuals to be nominated as directors and committee members. This includes evaluation of new candidates as well as evaluation of current directors. This committee is also responsible for developing and recommending to the Board the Guidelines, as well as reviewing and recommending revisions to such Guidelines on a regular basis. This committee also performs other duties as are described in the Guidelines.

Assignment and Rotation of Committee Members

Based on the recommendations of the Corporate Governance and Nominating Committee, the Board appoints committee members and committee chairs according to criteria set forth in the applicable committee charter and such other criteria that the Board determines to be appropriate in light of the responsibilities of each committee. Committee membership and the position of committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interest of the Company.

The Board affirmatively states that each member of the Audit Committee must be financially literate, as determined by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment, and that at least one member of the Audit Committee must have accounting or related financial management expertise as determined by the Board in its business judgment.

Frequency of Committee Meetings

Each committee, other than the Executive Committee, will meet at least as frequently as specified in such committee's charter; provided, however, that each committee, other than the Executive Committee, shall meet at least twice annually. In addition, special meetings may be called by the Chairperson of the committee or by the Board from time to time as determined by the needs of the business or such number of committee members as specified in such committee's charter. It is the responsibility of the directors to attend the meetings of the committees on which they serve. The Audit Committee will meet at least quarterly to review financial results for the quarter under consideration.

Committee Agendas

The Chairperson of each committee, in consultation with the appropriate members of the Committee, will develop his or her committee's agenda.

Committee Self-Evaluations

Following the end of each fiscal year, each committee will review its performance and charter and recommend to the Board any changes it deems necessary.

LEADERSHIP DEVELOPMENT:

Annual Review of Chief Executive Officer

The Board, with input from the Chief Executive Officer, shall annually establish the performance criteria (including both long-term and short-term goals) to be considered in connection with the Chief Executive Officer's next annual performance evaluation. At the end of each year, the Chief Executive Officer shall make a presentation or furnish a written report to the Board indicating his or her progress against such established performance criteria. Thereafter, with the Chief Executive Officer absent, the Compensation Committee shall meet to review the Chief Executive Officer's performance. The results of the review and evaluation shall be communicated to the Chief Executive Officer by the Chairperson of the Compensation Committee.

Succession Planning

The Corporate Governance and Nominating Committee works on a periodic basis with the Chief Executive Officer to review, maintain and revise, if necessary, the Company's succession plan upon the Chief Executive Officer's retirement and in the event of an unexpected occurrence. The Chief Executive Officer shall report annually to the Board on succession planning for the Chief Executive Officer and senior management positions, including a discussion of assessments, leadership development plans and other relevant factors. There should also be available to the Corporate Governance and Nominating Committee, on a continuing basis, the Chief Executive Officer's recommendations regarding his or her successor should he or she be unexpectedly disabled.

Management Development

The Board will determine that a satisfactory system is in effect for the education, development and orderly succession of senior and mid-level managers throughout the Company.