

**ElkCorp**  
**CORPORATE GOVERNANCE GUIDELINES**  
**(Revised January 26, 2004)**

GENERAL

The business and affairs of ElkCorp shall be managed under the direction of its Board of Directors (“Board”), subject to the powers, duties, authority and limitations set forth in ElkCorp’s Certificate of Incorporation and Bylaws. The Board will meet no less often than quarterly.

REQUIREMENTS; INDEPENDENCE

1. At least a majority, and preferably a supermajority of three-fourths or more, of the members of the Board shall be independent.
2. For purposes of any action of the Board, at least one-half of the directors present and eligible to vote must be independent.
3. An independent director means a person who has been affirmatively determined by the Board to be free of a material relationship with ElkCorp, its subsidiaries, affiliates or officers, other than his or her relationship as a director or Board committee member, and otherwise independent. Without limiting the foregoing, the Board should confirm that:
  - a) the director is not disqualified from independence under applicable Securities and Exchange Commission or New York Stock Exchange standards, and any applicable laws, regulations, and rules, as amended from time to time; and
  - b) the director is free of any other direct or indirect relationship with ElkCorp or its subsidiaries that is reasonably likely to interfere with the director’s exercise of his or her independent judgment based on the corporate merits of a subject before the Board rather than extraneous considerations or influences.
4. No director may accept any consulting, advisory or other compensatory fee or other compensation, other than standard director’s and committee compensation, from ElkCorp or any of its subsidiaries, without fully informing the Board of all material aspects of such compensation and obtaining the express, advance approval of the Board, with the understanding that such director will no longer qualify as an independent director.

5. Directors, whether independent or not, shall not be permitted to stand for election to the Board after their 70<sup>th</sup> birthday. Upon reaching the age of 70, a director shall be required to retire effective at the expiration of his or her then current term.

## COMMITTEES

1. There shall be an Audit Committee of the Board, composed entirely of independent directors and governed by a formal written charter, which shall oversee the Corporation's financial reporting process and internal controls, review compliance with laws and accounting standards, recommend the appointment of public accountants, and provide a direct channel of communication to the Committee for public accountants, internal auditors and finance officers. In accordance with applicable regulations, the Audit Committee will furnish a report of the Audit Committee to the Corporation's shareholders in the Corporation's proxy statement for the annual meeting of shareholders.
2. There shall be a Corporate Governance Committee of the Board, composed entirely of independent directors and governed by a formal written charter, which shall be responsible for the evaluation and nomination of Board members, and review of corporate governance matters affecting the Corporation, and monitoring the effectiveness of the Board (including committees thereof). The Corporate Governance Committee shall publish its qualifications for director candidates, and the process by which it develops and recommends director candidates to the Board for nomination, as required by law, regulation or rule, or as otherwise appropriate.
3. There shall be a Compensation Committee of the Board, composed entirely of independent directors and governed by a formal written charter, which shall be responsible for ensuring that senior management will be accountable to the Board through the effective application of compensation policies, and monitoring the effectiveness of senior management. The Compensation Committee shall establish compensation policies applicable to the Corporation's executive officers and outside directors. In accordance with applicable regulations, the Compensation Committee will furnish a fair summary of such policies and the relationship of the corporate performance to executive compensation, including the factors and criteria upon which the Chief Executive Officer's compensation was based, to the shareholders in a Report of the Compensation Committee included with the Corporation's proxy statement for the annual meeting.
4. There shall be an Executive Committee of the Board, composed of the Chairman of the Board, Chief Executive Officer and the President of the Company, if directors, and of an equal or greater number of independent directors. The

Executive Committee, subject to Section 22.01 of the Bylaws and these Corporate Governance Guidelines, shall have the full authority of the Board to act upon matters requiring immediate action when the Board is not in session. A majority of Committee members shall constitute a quorum. For purposes of any action of the Executive Committee, at least one of the independent directors eligible to vote must be present and voting and all matters shall be authorized or determined by the Committee only by a unanimous vote of members present and voting. A member of the Executive Committee may vote against any matter as a Committee action solely for the purpose of submitting it to the full Board, even if such member is in favor of that matter.

5. From time to time if the need arises, the Board may appoint a Special Committee of the Board, composed entirely of independent directors, which shall be responsible for reviewing any related party transactions involving the Corporation that is not reviewed by the Audit Committee or another committee comprised entirely of independent directors, and considering and making recommendations to the full Board with respect to any proposal involving a change in control, or the purchase or sale of assets constituting more than 10% of the Corporation's consolidated assets. Additionally, the Special Committee shall be responsible for reviewing all transactions or proposed transactions that trigger the Corporation's shareholders' rights plan, if any.
6. From time to time as the need arises, closed sessions of independent directors shall be held to discuss corporate and Board affairs. Such closed sessions shall be scheduled to be held immediately following each regular meeting of the Board, and at others times as may be designated by any of the Facilitating Directors (as defined below). In addition, closed sessions of all outside directors shall be held to discuss corporate and Board affairs no less often than annually after the Board meeting on the date of the Annual Meeting of Shareholders.

#### ADMINISTRATIVE; OTHER DUTIES

1. Unless one or more directors are appointed to act as Facilitating Director(s) (herein so called) by a vote of independent directors, those independent directors serving on the Executive Committee shall serve as Facilitating Directors. If at any time the Chairman of the Board is one of the independent directors, then he or she shall perform the duties as sole Facilitating Director. The Facilitating Director(s), on a rotating basis or other basis that they shall determine, shall be responsible for:
  - a) coordinating, developing the agenda for and presiding over all closed sessions of the Corporation's outside directors;
  - b) assisting the Board and Corporate Governance Committee in assuring compliance with these Corporate Governance Guidelines;

- c) approving, in consultation with the other independent directors, the retention of any outside consultants who report directly to the Board;
- d) presiding at all meetings of the Board at which the Chairman is not present;
- e) serving as a liaison between the Chairman and the independent directors;
- f) approving information sent to the Board;
- g) approving Board meeting agendas; and
- h) approving meeting schedules to ensure that there is sufficient time for discussion of all agenda items.

If requested by major shareholders, the Facilitating Directors shall make themselves available for direct communication about any appropriate corporate business topics that are proper subjects of such communication.

2. The Board, no less often than annually, must make an affirmative determination of each director's independence, financial literacy and financial expertise and disclose such determinations in its proxy statement as appropriate or required by law.
3. Each director shall be expected to regularly attend meetings of the Board and Committees in person, and to prepare for each meeting by reading any preparation materials provided by the Secretary of the Corporation, and such other materials such director may deem necessary or appropriate to fulfilling his or her duties as a director.
4. The Board and/or the Corporate Governance Committee shall make reasonable provision for orientation and continuing education programs for directors, as well as annual performance evaluations of the Board, which may be conducted internally or externally and may evaluate full Board or individual director performance, as the Board may determine in its reasonable judgment.
5. From time to time, the Board shall approve and update stock ownership guidelines for directors and officers, which may include, if appropriate:
  - a) quantitative stock ownership guidelines;
  - b) a short-term holding period requirement (six months to one year) coupled with a significant long-term ownership guideline; or
  - c) a minimum retention ratio for equity-based awards.
6. The Board, upon recommendation of the Corporate Governance Committee, shall approve and update, from time to time, management succession plans covering the Chief Executive Officer and other key employees as are adequate to protect ElkCorp and its subsidiaries as going concerns.
7. Directors shall be provided with direct access to senior management and such other employees as they may request from time to time, and, as necessary or

