



## AK Steel Corporate Governance Guidelines

### **I. Introduction and Statement of Purpose**

The Board of Directors of AK Steel Holding Corporation (with AK Steel Corporation, collectively referred to herein as the “Company”) has developed and adopted these corporate governance guidelines (the “Guidelines”) to promote the effective and appropriate functioning of the Board and its committees and to provide uniform guidance as to how the Board is expected to perform its functions.

### **II. The Board of Directors**

#### **A. Director Qualification Standards and Nominating Process**

##### **1. Independence**

The Board shall have a majority of Independent Directors, as determined under applicable law and regulations, including without limitation Section 303A of the New York Stock Exchange (“NYSE”) Listed Company Manual. To assist the Board in determining whether a Director meets these independence requirements, the Board has adopted the Guidelines for Determining Director Independence attached hereto as Exhibit A. The Guidelines for Determining Director Independence include Categorical Standards (the “Categorical Standards”) for evaluating the independence of Directors. The Categorical Standards shall be interpreted in the context of all applicable laws and regulations, and are intended to serve as a flexible framework within which the Board makes its independence determinations. The Board may exercise its discretion to deviate from the Categorical Standards from time to time, as the Board deems appropriate and as required or permitted by applicable laws and regulations. If the Board exercises its discretion to deviate from the Categorical Standards, the Company shall disclose the nature of and reasons for that deviation in its annual proxy statement and/or in its annual report on Form 10-K filed with the SEC.

To be considered independent under the NYSE’s listing standards, the Board must affirmatively determine that a Director has no material relationship with the Company, either directly or indirectly. In making this determination, the Board will broadly consider all relevant facts and circumstances. A Director who meets the Categorical Standards shall be presumed not to have a material relationship with the Company and thus to be an “Independent Director.” Notwithstanding this presumption, the Board will look at the totality of all material relationships between a Director and the Company when determining the Director’s independence.

If the relationship of a Director with the Company falls within the Categorical Standards, and the Company has not identified any other relationships which would rebut the presumption of non-materiality, then the Company shall state in its annual proxy statement, and/or in its annual report on Form 10-K filed with the SEC, that the Director has satisfied the Categorical Standards and is independent, without describing the particular aspects of the relationship between the Director

and the Company. In the event that a Director has a business or other relationship with the Company that does not fit within the Categorical Standards, but he or she is nonetheless determined to be independent, the Company shall disclose the basis for such determination in its annual proxy statement and/or in its annual report on Form 10-K filed with the SEC.

## **2. Other Standards**

In addition to meeting the above independence requirement, nominees for the Board must not have reached their 74<sup>th</sup> birthday at the time of their election and Directors must retire at or before the first annual shareholders meeting after they have reached their 74<sup>th</sup> birthday. Directors are selected on the basis of, among other things, the following criteria:

- personal qualities and characteristics, such as judgment, integrity, reputation in the business community, and record of public service,
- business and/or professional expertise, experience and accomplishments,
- ability and willingness to devote sufficient time to the affairs of the Board and of the Company,
- diversity of viewpoints, backgrounds and experience they will bring to the Board, and
- the needs of the Company at the time of nomination to the Board and the fit of a particular individual's skills and personality with those of other Directors in building a Board that is effective and responsive to the needs of the Company.

## **3. Size of Board and Nominating Process**

The number of Directors constituting the entire Board shall be at least seven, but may be increased from time to time by action of the stockholders or the Board. The Nominating and Governance Committee, comprised entirely of Independent Directors, is responsible for identifying, screening and recommending persons for nomination by the Board to serve as a Director. The Committee may solicit input and/or recommendations from other members of the Board and/or independent advisors. After the Committee's deliberations are completed, it reports its findings and recommendations to the Board. The Board then proposes a slate of nominees to the stockholders for election to the Board. Between annual stockholders meetings, the Board may elect Directors to serve until the next annual meeting.

## **B. Director Responsibilities**

The Board exercises the rights and powers of the Company. The business and affairs of the Company are under the direction of the Board in accordance with applicable state and federal law. All Directors owe a duty of loyalty and a duty of care to the Company and its stockholders. The principal responsibility of members of the Board in performing their duties as Directors is to exercise their business judgment in what they reasonably believe to be the best interests of the Company. In discharging that responsibility, Directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The Board currently has at least five regularly scheduled meetings per year and schedules other

meetings as required. The meetings typically consist of committee meetings and a full Board meeting. Directors are expected to make a diligent effort to attend all Board meetings and meetings of committees of which they are a member. Directors may attend meetings by telephone or videoconference to mitigate conflicts and travel difficulties. Each Director is expected to actively and effectively participate in Board and committee meetings. In that regard, each Director is expected to review in advance the meeting materials sent to him or her and to be familiar with the business of the Company, including its financial statements, capital structure, business plans, and the risks and competition faced by the Company. The Board should request the presence of management personnel at any meeting where additional information from management is necessary to facilitate effective deliberations by the Board and/or its committees concerning any aspect of the Company's business.

### **C. Director Confidentiality Obligations**

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold strictly confidential all non-public information entrusted to, or obtained, due to their position as a member of the Board or its Committees, absent the consent of the Board of Directors to disclose such information. Accordingly, (i) no Director shall use Confidential Information (as defined below) for his or her own personal benefit or to benefit persons or entities other than the Company; and (ii) no Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law; provided that if such disclosure is required by law, a Director shall be obligated to inform the Company's General Counsel (to the extent permitted under law) as soon reasonably practicable.

"Confidential Information" means all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be of use to competitors or other third parties, or harmful to the Company or its suppliers, customers or other stakeholders if disclosed, such as information pertaining to:

- the Company's financial condition, prospects or plans;
- strategic planning matters, mergers and acquisitions, divestitures or other potential transactions with other companies;
- the Company's customers, suppliers or joint venture partners, regardless of whether or not the Company is under a contractual obligation to maintain such information as confidential;
- research, innovation and product development;
- significant changes in management or control, including the election or departure of a Director or executive officer; and
- discussions and deliberations relating to business issues, dynamics and decisions between and among employees, executive officers and Directors.

The confidentiality obligations described above shall continue indefinitely and extend beyond the conclusion of a Director's service on the Board.

**D. Director Access to Management and to Independent Advisors**

Directors have free access to members of management (including, but not limited to, in-house counsel and internal audit and accounting personnel) and to the Company's independent advisors (including, but not limited to, the Company's independent auditors). The Board and its committees may, in appropriate circumstances and at Company expense, hire its own advisors (including, but not limited to, counsel, investment bankers and financial advisors) as it deems necessary and appropriate for the Board to carry out its duties. The Board encourages management, from time to time, to bring officers and managers to Board meetings to provide additional insights into items being discussed at the meeting and to enable the Board to have exposure to a broad group of management personnel.

**E. Director Compensation**

Board compensation is intended to be sufficient to attract the most qualified candidates available. Board compensation should be consistent, however, with market practices and should be reviewed at least once every three years to determine whether the amount and components of Board compensation are appropriate in relation to other similarly situated companies. The Nominating and Governance Committee is responsible for making recommendations to the Board concerning Director compensation.

**F. Stock Ownership Guidelines**

It is the policy of the Board that all Directors hold a significant equity interest in the Company consistent with their responsibilities to the shareholders of the Company as a whole. Toward this end, the Board expects all Directors to retain, until at least six months following termination of their Board service, at least twenty five percent of the common stock of the Company the Director receives when restricted stock units issued as part of his or her compensation are settled. The Board recognizes that exceptions to this policy may be necessary or appropriate in individual cases, and may approve such exceptions from time to time as it deems appropriate in the interest of the Company's shareholders.

**G. Director Orientation and Continuing Education**

The Company has an orientation process for new Directors and encourages the Directors to participate in continuing education programs. The Company will reimburse Directors for expenses incurred in connection with participation in approved continuing education programs.

**H. Chairman and Chief Executive Officer**

The Board believes it is appropriate and efficient under most circumstances for the Company's Chief Executive Officer also to serve as Chairman of the Board. However, the Board retains the authority to separate those functions when it deems such action appropriate. When the Company's Chairman of the Board is not an independent Director, the Board will select an independent Director to serve as the Lead Director of the Board, with responsibility for coordinating the activities of the other independent Directors and for performing the duties specified in these guidelines and such other duties as are assigned from time to time by the Board.

**I. Management Development, Succession and Service on For-Profit Boards**

The Board shall periodically review the development of executive management of the Company. The Board shall annually review the Company's succession plan for key members of executive management, including selecting a successor to the Chief Executive Officer in the event of an emergency, his or her retirement, or an inability to serve for other reasons. The Board further shall annually review the participation of executive management on for-profit Boards of other companies for the purpose of evaluating whether such participation is adversely impacting the performance of executive management on behalf of the Company. The Board will require executive officers of the Company to seek approval of the Board before becoming a member of the Board of another for-profit company.

**J. Annual Performance Evaluation of the Board**

The Board will annually conduct self-evaluations to determine whether it and its committees are functioning effectively. The Nominating and Governance Committee will oversee this process.

**K. Executive Sessions**

To promote free and open discussion and communication among the non-management Directors of the Board, the non-management Directors meet periodically in Executive Sessions without any members of management being present. Typically, an Executive Session is held at least once during each Board meeting. The Company will disclose the name of the non-management Director who presides at each Executive Session (or if it varies from session to session, the bases for selecting who will preside at a particular session) in the Company's annual proxy statement and/or in its annual report on Form 10-K filed with the SEC.

**L. Committees and Charters**

The Company shall have at least the committees required by the rules of the NYSE and applicable law. The current committees of the Board are the Audit Committee, the Finance Committee, the Management Development and Compensation Committee, the Nominating and Governance Committee and the Corporate Sustainability Committee. In addition, from time to time the Board may, by resolution adopted by a majority of the entire Board, establish other committees as it deems appropriate. Each member of the Audit Committee, the Management Development and Compensation Committee and the Nominating and Governance Committee will be independent, as defined under the rules of the NYSE and applicable law. Each of the Board's committees has a written charter which satisfies the rules of the NYSE and applicable law, copies of which are available on the Company's website at [www.aksteel.com](http://www.aksteel.com).

**M. Assignment and Rotation of Committee Members and Chairs**

The Board, after considering the recommendation of the Nominating and Governance Committee, appoints the members and chairs of its committees. The Nominating and Governance Committee's recommendation and the Board's appointments take into account, among other things, each Director's particular experience and expertise, as well as the input and preferences of individual Directors. Typically the Board makes committee appointments on an annual basis, but interim appointments also may be

made in response to changes in the membership of the Board. The benefit of periodic rotation is a factor in the appointments and it is expected that committee assignments will rotate among members of the Board from time to time. The Board believes, however, that there also are significant benefits attributable to continuity, experience gained in service on particular committees, and utilizing most effectively the experience and expertise of individual Directors which may outweigh the benefits of rotation in any given instance. Accordingly, the Board has not adopted a policy of mandatory rotation for either committee membership or chairs.

**N. Significant Change in Employment, Business or Professional Circumstances**

In the event of a significant change in circumstances involving a Director's employment status or business or professional association, the Director promptly shall notify the Nominating and Governance Committee of such changed circumstances and shall tender his or her resignation to the Board. The Nominating and Governance Committee shall evaluate the change in circumstances and make a recommendation to the Board whether to accept the resignation. The Board (excluding the concerned Director) shall act expeditiously with respect to such recommendation and promptly notify the Director of its decision.

**O. No Repricing or Replacement of Stock Options**

The Company will not, without stockholder approval: (1) amend any outstanding stock option to reduce the exercise price (except for appropriate adjustment in the case of a stock split or similar change in capitalization); (2) exchange any outstanding stock option for another option having a lower exercise price; or (3) exchange any outstanding stock option having an exercise price above the current market price of the Company's common stock for cash, restricted stock, or other consideration.

**III. Code of Ethics for Principal Officers**

The Company has adopted a Code of Ethics which is intended to provide guidance to the Company's principal executive, financial and accounting officers, and other persons performing similar functions, in the performance of their duties, particularly with respect to full and accurate financial disclosure of material information in compliance with applicable laws, rules and regulations, and maintaining the Company's books and records in accordance with applicable accounting policies, laws, rules and regulations. Among other topics, the Code of Ethics addresses: (i) conflicts of interest and the need for honest and ethical conduct; (ii) the need for full and appropriate disclosure in all reports and documents which the Company files with or submits to the SEC and in all public communications of material information made on behalf of the Company, and (iii) the need for compliance with all applicable laws, rules and regulations. The Code of Ethics requires the reporting of any violation and authorizes disciplinary action by the Board, up to and including termination of employment. Changes to and waivers from the provisions of the Code of Ethics may be made only by the Board itself in writing and will be disclosed as required under applicable laws, rules and regulations.

**IV. Code of Business Conduct and Ethics for Directors, Officers and Employees**

The Company has adopted a Code of Business Conduct and Ethics that complies with the rules of the NYSE and applicable law. It is intended to promote honest and ethical business conduct on behalf of the Company by all of its Directors, officers and

employees. It addresses conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws, rules and regulations (including insider trading laws), and the reporting of any illegal or unethical behavior.

**V. “Whistleblower” Procedures**

The Company has established procedures in accordance with the rules of the NYSE and applicable law for reports by employees, on a confidential, anonymous basis if desired, of actual or suspected unethical or illegal activity, including questionable accounting entries, internal accounting controls or auditing matters, fraud, falsification of company records, release of proprietary company information, theft, insider trading, improper loans, conflicts of interest, and retaliation against a person who reports any abuse of the company's policies or guidelines. The Audit Committee is charged with establishing, monitoring and enforcing these procedures. Retaliation in any form against an employee who reports an occurrence or submits a concern in good faith is prohibited.

**VI. Compliance with Listing Standards of the NYSE**

The Company’s Chief Executive Officer certifies each year to the NYSE that he or she is not aware of any violation by the Company of the Exchange's corporate governance listing standards.

**VII. Annual Review**

The Nominating and Governance Committee will review these Guidelines at least annually and recommend appropriate changes, if any, to the Board. Any changes to these Guidelines will be disclosed in the Company’s annual proxy statement and/or in its annual report on Form 10-K filed with the SEC. The Nominating and Governance Committee further will review the Company’s compliance with these Corporate Governance Guidelines, as well as other corporate governance requirements to which the Company is subject, at least annually and report to the Board on the Company’s performance with respect to such compliance.

Approved by the Board of Directors of AK Steel on March 4, 2004

Reviewed and Amended by the Board of Directors of AK Steel on October 18, 2007

Reviewed and Amended by the Board of Directors of AK Steel on October 16, 2008

Reviewed and Amended by the Board of Directors of AK Steel on January 22, 2009

Reviewed and Amended by the Board of Directors of AK Steel on July 16, 2009

Reviewed and Amended by the Board of Directors of AK Steel on January 18, 2012

Reviewed and Amended by the Board of Directors of AK Steel on May 24, 2012

Reviewed and Amended by the Board of Directors of AK Steel on July 18, 2013

Reviewed and Amended by the Board of Directors of AK Steel on July 23, 2015

# EXHIBIT A

## Guidelines for Determining Director Independence

### I. Categorical Standards

#### A. Independence Standards for All Directors

A Director of the Company who meets all of the following categorical standards shall be presumed (subject to the Board's review of all other relevant facts and circumstances) to be independent within the purview of the definition of "independence" found in Section 303A of the NYSE Listed Company Manual:

1. During the previous three years, the Director has not been an employee of the Company and no member of his or her Immediate Family (as that term is defined below) has been an executive officer of the Company.
2. During the previous three years, neither the Director, nor any member of his or her Immediate Family, has received during any twelve-month period more than \$120,000 in direct compensation from the Company, other than (a) director or committee fees, and (b) pension or other forms of deferred compensation for prior service which are not contingent in any way on continued service. Compensation received by a Director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test. Compensation received by an Immediate Family member for service as employee of the Company (other than an executive officer) need not be considered in determining independence under this test.
3. Neither the Director, nor any member of his or her Immediate Family, currently is a partner or employee of the Company's internal or external auditor. During the previous three years, neither the Director, nor any member of his or her Immediate Family, has been a partner or employee of the Company's present or former internal or external auditor and personally worked on the Company's audit during that time.
4. During the previous three years, neither the Director, nor any member of his or her Immediate Family, has been employed as an executive officer of another company where any of the Company's present executive officers at the same time served on that company's compensation (or equivalent) committee.
5. Neither the Director, nor any member of his or her Immediate Family, is a current executive officer of a company that has made payments to, or receives payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues.



## **EXHIBIT A**

### **B. Additional Independence Standards for Audit Committee Members**

In addition to satisfying the criteria set forth in Section A above, Directors who are members of the Company's Audit Committee will not be considered independent for purposes of membership on the Audit Committee unless they satisfy the following additional categorical standards:

1. The Director may not (other than in his or her capacity as a member of the Audit Committee, the Board, or any other Board committee) accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company; provided that, unless the rules of the NYSE provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service).
2. The Director may not (other than in his or her capacity as a member of the Audit Committee, the Board, or any other Board committee) be an affiliated person of the Company.
3. If an Audit Committee member simultaneously serves on the audit committees of more than two other public companies, then the Board must have determined that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee.

### **II. Relationships Which Are Presumed To Be Immaterial**

The following relationship will be presumed to be immaterial for purposes of evaluating Director independence unless they conflict with the Categorical Standards identified above, the listing standards of the NYSE, the rules and regulations of the Securities and Exchange Commission, or any other laws or regulations applicable to the Company at the time:

- A. A relationship arising solely from the position of the Director, or any member of his or her Immediate Family, as a former director, officer or employee of a company that is a party to one or more transactions with the Company if the Director or, if applicable, his or her Immediate Family member, (1) was not involved in the negotiations of the terms of the transaction(s), and (2) does not have a direct or indirect material interest in the transaction(s).
- B. A relationship arising solely from the fact that the Director, or any member of his or her Immediate Family, provides consulting services to a company that is a party to one or more transactions with the Company if (1) the consulting arrangement with that other company does not involve the negotiation of the terms of the transaction(s) and does not include any compensation or services with respect to the transaction(s), and (2) the Director or, if applicable, his or her Immediate Family member, does not otherwise have a direct or indirect material interest in the transactions.

## EXHIBIT A

C. A relationship arising solely from the direct or indirect ownership by the Director, or any member of his or her Immediate Family, in the aggregate, of less than 5% of the equity or similar ownership interest in a company that is a party to one or more transactions with the Company if the Director or, if applicable, his or her Immediate Family member, (1) is not involved in the negotiations of the terms of the transaction(s), and (2) does not receive any special benefit as the result of the transaction(s).

D. A relationship arising solely from the Director's position, or the position of any member of his or her Immediate Family, as an officer, director, trustee or similar role with a tax exempt charitable, civic or educational organization that receives one or more donations from the Company or its Foundation if (1) the Director (or, if applicable, his or her Immediate Family member) is not involved in the negotiations of the terms of the donation(s) and does not receive any special benefits as a result of the donation(s), and (2) within the preceding three years, such donation(s) in any single fiscal year have not exceed the greater of \$1 million or 2% of such organization's consolidated gross revenues.

### III. Definitions

A. For purposes of the Categorical Standards set out above, the term "Immediate Family" includes 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. When considering the look-back provisions in paragraphs 1-5 of Section I(A) above, the Company need not consider individuals who are no longer Immediate Family members as a result of legal separation or divorce, or those who have died or become incapacitated.

B. For purposes of the prohibition on acceptance of fees by Audit Committee members set out in paragraph 1 of Section I(B) above, the term "indirect" is defined to include acceptance of a fee by (1) a spouse, (2) a minor child or stepchild or a child or stepchild sharing a home with the Director, or (3) an entity in which such Director is a partner, member, officer, or occupies a similar position such as a managing director (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and the entity provides accounting, consulting, legal, investment banking or financial advisory services to the Company.

C. For purposes of these Guidelines for Determining Director Independence, the term "Company" shall mean not only AK Steel Holding Corporation and AK Steel Corporation, but also all consolidated subsidiaries of either entity.

*Approved by the Board on July 16, 2009*

*Amended January 18, 2012*

*Amended May 24, 2012*