

Corporate Governance Guidelines

of

Lone Star Technologies, Inc.

**Adopted as of December 3, 2002
and Amended as of March 20, 2003,
February 26, 2004 and September 27, 2005**

LONE STAR TECHNOLOGIES, INC. CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Lone Star Technologies, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities and to serve best the interests of the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws and the Company’s certificate of incorporation, bylaws and other corporate governance documents. These Guidelines 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. These 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 BOARD

1. Selection of Chairman of the Board and Chief Executive Officer

The Board shall be free to choose its Chairman in any way that seems best for the Company at any given point in time. Therefore, the Board does not have a policy with respect to whether the roles of the Chief Executive Officer and Chairman of the Board should be separate and, if they are to be separate, whether the Chairman of the Board should be selected from the non-employee directors or be an employee.

2. Size of the Board

The Board believes that nine is an appropriate number of directors, but that a smaller or larger Board may be preferable at any given time, depending upon the circumstances.

3. Selection of New Directors

The entire Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire Board for Board membership. When formulating its Board membership recommendations, the Corporate Governance Committee shall also consider any advice and recommendations offered by the directors, officers, employees or stockholders of the Company (as described in the Charter of the Corporate Governance Committee). (NYSE Manual § 303A.04)

4. Board Membership Criteria

Nominees for director shall generally be selected on the basis of broad experience; wisdom; integrity; ability to make analytical inquiries; industry or other special knowledge; understanding of the Company’s business environment; and willingness to devote adequate time to Board duties. (NYSE Manual § 303A.09, Commentary)

The Corporate Governance Committee shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members.

5. Proportion of Independent Directors on Board

Independent directors shall constitute a majority of the Board. (NYSE Manual § 303A.01)

6. Board Definition of Director Independence

The Board shall review annually the direct and indirect relationships that each director has with the Company and make a determination with respect to each director's independence. To assist the Board in making that determination, questionnaires will be sent to the directors each year to obtain information about those relationships. An independent director is one who has been affirmatively determined by the Board to be an "independent director" satisfying the standards and rules of the New York Stock Exchange ("NYSE"). (NYSE Manual § 303A.02) The determination by the Board as to each director's independence shall be made no later than the first Board meeting held after the standards and rules of the NYSE regarding director independence are adopted.

7. Retirement Age

No director shall be nominated for election or appointment (or re-election or reappointment) to the Board if he or she shall have attained the age of 70 years at the time of the election or appointment. (NYSE Manual § 303A.09, Commentary)

8. Directors Who Change Their Present Job Responsibility

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily leave the Board. Upon the occurrence of any such event, the Corporate Governance Committee shall review the continued appropriateness of Board membership under such circumstances, and the affected director shall be expected to act in accordance with the Corporate Governance Committee's recommendation.

9. Term Limits

The Board does not believe it should establish term limits. While term limits could help ensure 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. (NYSE Manual § 303A.09, Commentary)

10. Director Responsibilities

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to prepare for, attend and participate in all meetings of the Board and committees on which he or she sits, 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

Chairman of the Board or the Chair of the appropriate committee in advance of such meeting. A director is also expected to review any materials distributed in advance of a Board or committee meeting. (NYSE Manual § 303A.09, Commentary)

11. Director Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, Business Policy Manual, these Guidelines, principal officers and independent auditors. Additional continuing education may from time to time be made available to directors in any area determined by the Board to (a) relate to the membership criteria of the Board, as described above; or (b) enable the Board, as a unit, to make a better contribution to the governance of the Company. (NYSE Manual § 303A.09, Commentary)

12. Board Compensation

The Company's executive officers shall not receive additional compensation for their service as directors.

The Human Resources Committee shall review annually the status of the Company's director compensation practices in relation to that of other companies of comparable size and of the Company's competitors. Changes in Board compensation, if any, should come at the suggestion of the Human Resources Committee, but with full discussion and concurrence by the Board. The Human Resources Committee and the Board shall take into account that equity – based compensation is an important component of the Company's director compensation practices. (NYSE Manual § 303A.09, Commentary)

Directors on the Company's Audit Committee shall not receive any compensation from the Company other than director fees (including fees applicable to service on one or more Board committees). (NYSE Manual § 303A.06)

In no event shall the Company, directly or indirectly, extend or maintain credit, arrange for an extension of credit or renew an extension of credit, in the form of a personal loan to any director. (Sarbanes-Oxley § 402(a))

13. Separate Executive Sessions of Non-Management Directors

The non-management directors shall meet at regularly scheduled executive sessions without management. The presiding director at such sessions shall be appointed by the non-management directors to serve for one year or until his or her successor is duly elected and qualified. Such presiding director shall be the contact person for any party seeking to communicate with the non-management directors. (NYSE Manual § 303A.03)

14. Stockholder Communications to Directors

Stockholders can send communications to the Board by delivering them in writing (which shall not include e-mail) to the director designated as the presiding director for the non-management director meetings at the address disclosed in the most recent proxy statement of the Company for receipt of such communications.

If a communication is directed to a specific director, the presiding director shall forward such communication to the specified director.

(Schedule 14A)

15. Evaluation of Board

The Board shall be responsible for annually conducting a self-evaluation. (NYSE Manual § 303A.09, Commentary) The Corporate Governance Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation. (NYSE Manual § 303A.04(b)(i))

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.

16. Board Access to Management and Independent Advisors

Board members shall have complete access to the Chief Executive Officer of the Company. Board members shall use sound business judgment to ensure that such contact is not distracting. Furthermore, the Board encourages management, from time to time, to bring managers into Board meetings who: (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas or (b) represent managers with future potential that management believes should be given exposure to the Board.

The Board may, as necessary and appropriate, obtain advice and assistance from external and independent legal, accounting or other advisors and consultants. (NYSE Manual § 303A.09, Commentary)

17. Board Interaction with Institutional Investors, Press and Customers

The Board believes that management generally should speak for the Company. Each director is asked to refer all inquiries from institutional investors, the press or customers to the Director of Investor Relations of the Company.

18. Policy Regarding Service on Boards of Other Public Companies

It is the Company's policy that no non-management director of the Company should serve on the boards of directors of more than four other public companies and the Company's Chief Executive Officer should not serve on the boards of directors of more than two other public companies.

BOARD MEETINGS

19. Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. In addition, special meetings may be called from time to time as the needs of the Company may require.

20. Selection of Agenda Items for Board Meetings

The Chairman of the Board sets the agenda for Board meetings at which the full Board is present with the understanding that certain items necessary for Board oversight, such as annual budgets and long range plans, must periodically appear on the agenda. Board members may suggest that particular items be placed on the agenda.

21. Board Materials Distributed in Advance

As a general rule, written presentation materials, including information and data that are important to the Board's understanding of the business, will be distributed to the Board before the Board meets. Management will make every effort to provide materials that are brief and to the point, yet communicate the essential information. It is recognized that materials may not be provided in the event of a pressing need for the Board to meet on short notice or on those occasions in which the subject matter is extremely sensitive.

COMMITTEE MATTERS

22. Number and Names of Board Committees

The Company shall have three standing committees: Audit, Corporate Governance and Human Resources. The duties for each of these committees shall be outlined in the committee charters. The Board may form a new committee, form a special purpose committee (e.g., the Pricing Committee) or disband a current committee depending on circumstances.

23. Independence of Board Committees

The Audit Committee, Corporate Governance Committee and Human Resources Committee shall be composed entirely of independent directors. This requirement will be effective when the Board appoints the Chairs and members to the committees at a Board meeting to be held no later than April 30, 2003. (NYSE Manual § 303.01(B)(2)(a)) (Existing Rule); (NYSE Manual § 303A.04 and .05)

24. Assignment of Committee Members

The Corporate Governance Committee shall be responsible for making recommendations to the Board with respect to the assignment of Board members to various committees, other than the Corporate Governance Committee. After reviewing the Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chairs and members to the committees on an annual basis. (NYSE Manual § 303A.04, Commentary)

25. Frequency of Committee Meetings

The Chair of each committee, in accordance with the committee's charter and in consultation with the members of the committee, will determine the frequency of the committee meetings. Each director will be advised of the time, date and place of each standing committee's meeting, and even a director who is not a member of the committee may attend a meeting as a non-voting participant.

26. Committee Agendas

The Chair of each committee, in consultation with committee members and appropriate members of management, will develop the committee's agenda.

27. Evaluation of Committees of the Board

Each committee shall annually conduct a self-evaluation, review its charter and recommend to the Board any changes it deems necessary.

LEADERSHIP DEVELOPMENT

28. Evaluation of Chief Executive Officer

The Board, with input from the Human Resources Committee and Chief Executive Officer, shall annually establish the corporate goals and objectives relevant to the compensation of the Chief Executive Officer. The Human Resources Committee will annually evaluate the Chief Executive Officer's performance in light of those goals and objectives and recommend to the Board the Chief Executive Officer's compensation level based on such evaluation. Thereafter, the non-management directors shall meet in executive session to review the Chief Executive Officer's performance and the Human Resources Committee's recommendations. The results of the review and evaluation shall be communicated to the Chief Executive Officer by the Chair of the Human Resources Committee. (NYSE Manual §303A.09, Commentary)

29. Succession Planning

The Board, with general input on succession planning issues from the Corporate Governance Committee, shall be responsible for the succession plan for the position of Chief Executive Officer. To assist the Board, the Chief Executive Officer shall present a succession plan as to his or her own position to the Human Resources Committee, which shall in turn make a recommendation to the Board on a succession plan for the Chief Executive Officer. (NYSE Manual § 303A.09, Commentary)

30. Management Development

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

DISCLOSURE RESPONSIBILITIES

31. Website

The Board shall cause the Company to post on its website (a) these Guidelines, (b) the Charters of the Audit, Corporate Governance and Human Resources Committees and (c) the Company's Business Policy Manual. (NYSE Manual § 303A.09, Commentary)

32. NYSE

The Chief Executive Officer shall certify to the NYSE each year whether or not he or she is aware of any violation by the Company of NYSE corporate governance listing standards. In addition, the Chief Executive Officer must promptly notify the NYSE in writing after any executive officer of the Company becomes aware of any material non-compliance with any applicable provisions of Section 303A of the NYSE Listed Company Manual. (NYSE Manual §303A.12(a) and (b))