

KATY INDUSTRIES, INC.

AMENDED AND RESTATED CORPORATE GOVERNANCE GUIDELINES

April 28, 2008

INTRODUCTION

Pursuant to Delaware General Corporation Law and the Certificate of Incorporation of Katy Industries, Inc. (“Katy” or the “Company”), the following shall constitute the Corporate Governance Guidelines (the “Corporate Governance Guidelines”) of the board of directors (the “Board”) of the Company.

These Amended and Restated Corporate Governance guidelines as well as the Audit Committee Charter, the Compensation Committee Charter and the Nominating and Governance Committee Charter shall be posted on the Company’s website.

DIRECTOR QUALIFICATIONS

The Board shall satisfy any independence requirements of the New York Stock Exchange and set forth in the rules and regulations of Securities Exchange Commission and any other applicable laws or regulations as then in effect. The Nominating & Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members’ qualification as independent, as well as consideration of diversity, age, skills, experience and the average tenure of the Board in the context of the Board’s needs. Nominees for directorship will be selected by the Nominating & Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating & Governance Committee and the Chairman of the Board.

The Board presently has 9 members. The Board believes that a size of 7 to 11 is appropriate and most effective. The Board would be willing to expand to a somewhat larger size, however, to accommodate the availability of an outstanding candidate.

The Board does not believe that a director who retires or changes from the position that he or she held when joining the Board should necessarily leave the Board in every instance. However, the Board believes that individual directors who change responsibilities from when they were elected to the Board should volunteer to resign from the Board if such change interferes with such director’s ability to perform his or her duties. Such a step provides an opportunity for the Board, through the Nominating & Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

The Board does not believe that it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, they have the significant disadvantage of forfeiting the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations. As an alternative to term limits, the Nominating & Governance Committee will review each director's continuation on the Board every three years. This will give each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

A director of the Company will not serve on more than three public company boards (including the Board) without the Nominating and Governance Committee approving such service.

DIRECTOR AND BOARD RESPONSIBILITIES

The members of the Board are elected by Company stockholders to oversee management, approve major corporate decisions, implement policies and to act in the best interest of the Company and its stockholders. Integrity and ethical behavior are core values of Katy. The Board shall reflect such principles in the conduct of business. The Board is responsible to provide the best example of these values and should reinforce their importance at appropriate times.

As a general matter, the Board's duties include, but are not limited to:

1. Review and, where appropriate, approve the Company's major financial objectives and strategic and operating plans and activities.
2. Periodically review (at least annually) the Company's legal compliance programs and procedures.
3. Monitor and assess performance and ask appropriate questions of management to address accountability with established goals.
4. Stay well informed regarding Katy's business.
5. Advise and consult with the Chief Executive Officer on strategic issues.
6. Oversee the Company's disclosure controls and procedures and internal controls over financial reporting through the Audit Committee.
7. Oversee the Company's program of identifying, evaluating and controlling significant risks.
8. Act proactively in crisis situations.
9. Review and approve major capital allocation recommendations of management.
10. Assume responsibility for the selection, recruitment, retention and replacement of the Chief Executive Officer through the Nominating and Governance Committee.

11. Review, evaluate the performance of, and approve compensation of executive officers through the Compensation Committee.
12. Establish proper governance, which includes periodic review of the Corporate Governance Guidelines.

The director's basic duty is to exercise his or her good faith business judgment in the best interests of the Company. In discharging that obligation, each director should be entitled to freely access management and to rely on the honesty and integrity of the Company's senior executives, independent outside advisors and auditors absent evidence that makes such reliance unwarranted. The directors shall also be entitled (1) to have the Company purchase reasonable levels of directors' and officers' liability insurance on their behalf; (2) to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements; and (3) to exculpation as provided by the Delaware General Corporation Law and the Company's charter documents.

MEETINGS

The Board shall have an annual meeting as soon as practicable after the adjournment of the annual meeting of stockholders. Other meetings of the Board shall be held at times fixed by resolution of the Board, or upon call of the Chief Executive Officer or a majority of the directors.

Directors shall attend Board meetings and meetings of committees on which they serve and meet as frequently as necessary to properly discharge their responsibilities. Attendance at meetings of the Board and of Board committees that falls below 75% shall be discussed with the Chairman of the Board to determine if excessive time conflicts are likely to continue. Information and data that are important to the Board's understanding of any business to be conducted at a Board or committee meeting should be distributed in writing to each director in sufficient time in advance of each meeting of the Board to permit a thorough review.

The Chairman will establish the agenda for each Board meeting. At the beginning of the fiscal year, the Chairman will establish a schedule of significant agenda subjects to be discussed during the upcoming fiscal year (to the degree this can be foreseen). An agenda shall be distributed before each meeting of the Board. Each Board member is encouraged to suggest items for inclusion on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session at least quarterly in connection with regularly scheduled Board meetings. The director who presides at these meetings, and the process for determining who will preside, will be determined by the non-management directors, and the name of the chairman, or the process for designating the chairman, will be disclosed in the annual proxy statement.

BOARD COMMITTEES

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating & Governance Committee. The members of these committees will comply with any independence requirements set by the Board, which in no event shall fail to meet the independence requirements set forth in the listing requirements of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission and any other applicable laws or regulations, as then in effect. Committee members will be appointed by the Board upon recommendation of the Nominating & Governance Committee taking into account the desires of individual directors. The Board believes that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy. The Board will also have an Executive Committee whose actions will be authorized by the Board.

Each committee, other than the Executive Committee, will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the fiscal year each committee will establish a schedule of the principal agenda subjects to be discussed during the upcoming fiscal year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

DIRECTOR ACCESS TO MANAGEMENT, OFFICERS AND EMPLOYEES

Directors have full and free access to officers and employees of the Company and, as necessary and appropriate, to the Company's independent advisors. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the General Counsel on any written communications between a director and an officer or employee of the Company, or advise the General Counsel of any such oral communications.

The Board welcomes regular attendance at each Board meeting of the Company's senior officers. If the Chief Executive Officer wishes to have additional Company personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected that Board members would do so with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

DIRECTOR COMPENSATION

The form and amount of director compensation will be determined by the Board based upon a recommendation of the Compensation Committee in accordance with the policies and principles set forth in its charter. The Compensation Committee will conduct an annual review of director compensation. Compensation may include, but is not limited to, an annual retainer, an annual stock grant, an award of stock options and/or a fee for attendance at any Board or committee meeting. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors must participate in the Company's Orientation Program, which should be conducted within two months of the annual meeting at which new directors are elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, these Guidelines, its code of ethics, its principal officers, its advisers and its internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program. In addition, directors are expected to continue to educate themselves about the Company's industry and how to best formulate Company's strategy.

BOARD PERFORMANCE EVALUATION

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. The performance evaluation will be discussed with the full Board following the end of each fiscal year. The performance evaluation will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board can improve.

CHIEF EXECUTIVE EVALUATION AND MANAGEMENT SUCCESSION

The Compensation Committee will conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter. The Board will review the Compensation Committee's report in order to ensure that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term.

The Nominating & Governance Committee shall formulate policies regarding succession in the event of an emergency or retirement and shall also make an annual report to the Board on succession planning. Any review of possible internal candidates shall include, but is not limited to:

1. readiness and potential;
2. demonstrated skills and competency;
3. needed experience and training to fill gaps; and
4. a plan for adequate exposure to the Board.

The Board has no policy with respect to the separation of the offices of Chairman of the Board and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make such determinations when electing a new chief executive officer.

CERTIFICATION

These Corporate Governance Guidelines were duly approved and adopted by the Board on this 28th day of April 2008.