

**W. P. CAREY INC.**

**CORPORATE GOVERNANCE GUIDELINES**

1. **Statement of Governance.** The Board of Directors represents the owners' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed to maximize the likelihood it achieves this result. The Board of Directors has delegated to management the responsibility to manage the day-to-day operations of the Company. The Board has the responsibility to ensure that management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management's policies and decisions including the execution of its strategies. The Board has adopted the following guidelines which seek to ensure that Directors at all times act in the best interests of the Company and its stockholders.
  
2. **Functions of the Board.** In addition to its general oversight of the business and affairs of the Company, the Board also performs a number of specific functions, including:
  - (a) selecting, evaluating and compensating the Chief Executive Officer and overseeing Chief Executive Officer succession planning;
  - (b) providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
  - (c) reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions, including approval of dividends;
  - (d) assessing major risks facing the Company and reviewing options for their mitigation; and
  - (e) ensuring that processes are in place for maintaining the integrity of the Company, its financial statements, its compliance with law and ethics, and its relationships with entities advised by the Company and its affiliates, customers, suppliers and other stakeholders.
  
3. **Responsibilities of the Board.** In addition to the duties of care and loyalty imposed by law, each Director has the following responsibilities:
  - (a) Each Director will make every effort to attend each Board meeting and applicable Committee meetings, except in unavoidable circumstances. Each Director will ensure that other existing and planned future commitments do not materially interfere with the Director's service as a director.

- (b) A meeting agenda and materials related to agenda items will be provided prior to all meetings, and each Director will review these materials in advance of the relevant meeting.
- (c) Each Director will participate in each Board and Committee meeting attended.
- (d) Each Director will hold in confidence non-public information obtained as a director.
- (e) It is the desire of the Board that management speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members will do this with the knowledge of management and, in most instances, at the request of management.
- (f) Each Director will be familiar with, and will comply with, the terms of the Company's Code of Ethics, including applicable rules regarding trading in the Company's securities. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Company's Non-Executive Chairman. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the Chief Executive Officer, and the Chief Executive Officer shall resolve any conflict of interest issue involving any other officer of the Company.

#### 4. **Board Composition.**

- (a) Director Selection and Qualification. There are no firm prerequisites to qualify as a candidate for the Board, although the Board seeks a group of candidates who possess the background, skills, expertise, characteristics and time to make a significant contribution to the Board, to the Company and to its stockholders. The Board seeks to include Directors with diverse professional and personal backgrounds. All Directors elected must meet the highest ethical standards. At least annually, the Nominating and Corporate Governance Committee shall review the qualifications and backgrounds of the Directors, as well as the overall composition of the Board.

Nominees for directorship will be recommended to the Board by the Nominating and Corporate Governance Committee in accordance with the policies and principles in its charter and these Corporate Governance Guidelines. In making its recommendation to the Board, the Nominating and Corporate Governance Committee considers, among others, submissions from stockholders. The invitation to join the Board should be extended by the Non-Executive Chairman.

In evaluating participation on other boards, consideration shall be given to the number of audit committees on which an individual participates, and the

time commitment involved in participation on those committees, particularly if it is anticipated that the individual will at any time serve on the Audit Committee of the Company.

- (b) Majority Independence. The majority of the Directors on the Board at any time will be Independent Directors. The definition of an Independent Director is set forth below in paragraph 7.
- (c) Size of Board. The bylaws of the Company mandate that the Board consist of not fewer than the minimum number required by the Maryland General Corporation Law nor more than 25 members. The number of directors on the Board shall not be so large as to prevent the Board from functioning effectively as a body or so few that individual directors are unable to fulfill their responsibilities.
- (d) Tenure. Members of the Board of Directors may be nominated by the Nominating and Corporate Governance Committee of the Board for reelection by the stockholders at every annual meeting at which their term ends.
- (e) Term Limits. There is no official limit to the number of terms a Director may serve. However, the Nominating and Corporate Governance Committee will review the past service of Directors to ascertain whether nomination for further terms is warranted. Directors should not expect to be renominated automatically.
- (f) Retirement/Board Refreshment. Although the Board has determined not to have an official retirement age policy, the Board is committed to active Board refreshment based on annual performance reviews and an evaluation of the skills and experience necessary to fulfill the Board's responsibilities to the Company's shareholder. However, an employee Director shall offer to resign as a Director effective as of the same date he or she retires from, or otherwise ceases to be an employee of, the Company. Such resignation by an employee Director shall become effective only if accepted by the Nominating and Corporate Governance Committee.
- (g) Membership on Other Boards. Any Director who is considering accepting an invitation to join the board of directors or board of trustees of any other company, whether publicly or privately held (other than not-for-profit companies), shall notify the Chief Executive Officer and the Chairman of the Nominating and Corporate Governance Committee in advance of accepting such invitation so as to enable the Nominating and Corporate Governance Committee to make, in a timely manner, a determination as to whether there is an 'interlocking directorate' issue or other conflict and to communicate such determination, and any related recommendation, to such Director and to the Board. No Director shall simultaneously serve as a member of more than 5 independent for-profit public company boards of directors or boards of trustees, with the Chief Executive Officer limited to serving on two such

boards (including that of the Company, but not including any affiliates of the Company).

- (h) **Majority Vote Policy.** An incumbent candidate for director who does not receive the required votes for re-election described in Article II, Section 7 of the Third Amended and Restated Bylaws of the Company (or any successor provision in the Company's amended or restated Bylaws) shall submit an offer of resignation in writing to the Board of Directors promptly after the certification of the election results of the stockholder vote. All offers of resignation will be reviewed by the Nominating and Corporate Governance Committee, which will recommend to the Board whether to accept such resignation offer or request that such person continue to serve on the Board. The Nominating and Corporate Governance Committee's recommendation shall be delivered no later than 90 days after the certification of the election results of the stockholder vote and shall be disclosed, along with the rationale behind such decision, in a Current Report on Form 8-K filed with the SEC (as defined herein). The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept the director's resignation. Any director who has tendered an offer of resignation pursuant to this provision shall recuse him or herself from all Nominating and Corporate Governance Committee or Board discussions and actions regarding such resignation offer. If every member of the Nominating and Corporate Governance Committee fails to receive the required vote in favor of his or her election in the same election, then the remainder of the independent directors of the Board who did receive the required vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept the resignation offers. However, in such an instance, if there are only three or fewer independent directors who received the required vote in the same election, the whole Board may participate in the action regarding whether to accept the resignation offers.

5. **Orientation and Continuing Education for Directors.** The Company is committed to providing an initial orientation to Board service with the Company and a continuing education covering such operational, financial and legal issues as may be appropriate given each Board member's background, experience and education. Without limiting the foregoing, each Board member is encouraged to propose such supplemental educational activities as he or she thinks appropriate for himself or herself, including meetings with Company officers and supplemental information regarding operational, financial and legal matters affecting the Company or his or her role as a Director. Management is committed to ensuring that supplemental activities are effected in a timely manner, either for the individual Director or, if management determines appropriate, for the full Board.

**6. Director Compensation Guidelines.**

- (a) The Compensation Committee shall periodically review director compensation and make such recommendations to the Board relating thereto as the Compensation Committee determines appropriate. In discharging this duty, the Compensation Committee shall be guided by three goals: compensation should fairly pay Directors for work required in a company of comparable size and scope; compensation should align Directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, fully disclosed and easy for stockholders to understand.
- (b) Compensation may consist of cash and/or equity, in the form of share grants or options, as recommended by the Compensation Committee and approved by the Board.
- (c) Audit Committee and Compensation Committee members may not receive any remuneration from the Company other than compensation for Board service, which includes service on Board committees.

**7. Independent Directors.**

- (a) The Board will affirmatively determine annually or at other times required by the rules and regulations promulgated by the U.S. Securities and Exchange Commission ("SEC"), the listing standards of the New York Stock Exchange ("NYSE") or other applicable laws (collectively, the "Applicable Laws") that each of the Directors designated as "independent" (i) has no material relationships with the Company (either directly or indirectly, including as a partner, shareholder or officer of an organization that has such a relationship with the Company), and (ii) meets the standards for independence set forth on Schedule A, as revised from time to time, including but not limited to changes deemed necessary to reflect amendments to the Applicable Laws. Reference to listing standards of the NYSE shall mean the NYSE's listing standards and listing requirements and rules of the SEC applicable to companies listed on the NYSE.
- (b) The basis for the Company's determination of each Director's independence shall be set forth in the Company's annual proxy statement.
- (c) The ownership of shares in the Company by Directors is encouraged and, unless otherwise required by the Applicable Laws, the ownership of a substantial amount of shares shall not in and of itself serve as a basis for a Director to be considered not to be independent; provided, however, that, as set forth under the Applicable Laws, ownership of more than 10% of the outstanding shares may preclude a Director from serving on certain committees of the Board.

8. **Committees.** The Board currently maintains the following primary committees: Audit, Compensation, Nominating and Corporate Governance, and Executive. The bylaws allow the Board to appoint additional committees and to disband any Committee not specifically required, and the Board may do so at any time. The following is a summary description of the primary committees of the Board:

- (a) Audit Committee. The Audit Committee shall consist of at least three Directors. All members of the Audit Committee shall be Independent Directors and shall comply with all qualification requirements for audit committee members under any rules of the SEC and the NYSE from time to time in force.

The duties of the Audit Committee are set forth in the Audit Committee Charter.

- (b) Nominating and Corporate Governance Committee. All members of the Nominating and Corporate Governance Committee shall be Independent Directors and shall comply with all qualification requirements under any rules of the SEC and the NYSE from time to time in force.

The Nominating and Corporate Governance Committee shall make recommendations to the Board for committee membership and chairmanship. After consideration of such recommendations, the Board will designate the Chairs and members of the Committees, taking into account the desires of the individual Board members.

The duties of the Nominating and Corporate Governance committee are set forth in the Nominating and Corporate Governance Committee Charter.

- (c) Compensation Committee. All members of the Compensation Committee must be Independent Directors and must comply with all qualification requirements under any rules of the SEC and the NYSE from time to time in force.

The duties of the Compensation Committee are set forth in the Compensation Committee Charter.

- (d) Executive Committee. The Executive Committee is responsible for exercising the powers of the Board in the management of the business and affairs of the Corporation when the Board is not in session.

9. **Executive Sessions of Non-Management Directors and Independent Directors.**

- (a) The Non-Management and Independent Directors will hold regular executive sessions without management in order to promote open discussion among the Non-Management and Independent Directors.
- (b) The presiding director for each such executive session will be the Non-Executive Chairman.

10. **Non-Executive Chairman.** The Board believes that it is in the best interest of the Company for the Independent Directors to appoint a Non-Executive Chairman. The Non-Executive Chairman shall ordinarily be appointed for a term of one year. The Non-Executive Chairman shall preside at all meetings of the Board and shall have the authority to call, and will lead, executive sessions of Non-Management and Independent Directors. Unless otherwise determined by the Board, the Non-Executive Chairman shall be a member of the Executive Committee. The Non-Executive Chairman shall help facilitate communication between the Chief Executive Officer and the Independent Directors. The Non-Executive Chairman shall advise the Chief Executive Officer of the Board's informational needs, shall advise the Chief Executive Officer regarding Board meeting agendas and as to the appropriate schedule of Board meetings and may request inclusion of additional agenda items. The Non-Executive Chairman will be available, if requested by stockholders, for consultation and direct communication. The Non-Executive Chairman shall be disclosed in the Company's annual proxy statement and can be contacted by mail at the following address:

Non-Executive Chairman  
W. P. Carey Inc.  
50 Rockefeller Plaza  
New York, NY 10020

11. **Board Access to Management and Professional Advisors.**

- (a) Directors shall have full access to executive officers and key employees of the Company.
- (b) The Board welcomes regular attendance at each Board meeting of executive officers and other members of senior management of the Company. The Board encourages management to schedule presentations at Board meetings by managers who can provide additional insight into the items being discussed because of personal involvement in these areas or who have future potential that management believes should be brought to the Board's attention.
- (c) The Company's primary outside attorneys and registered public accountants shall make periodic presentations to, and be available to consult with, the Board.
- (d) The Board or the Independent Directors acting as a group may, where appropriate, retain independent professional advisors at the Company's expense.

12. **Board Evaluation.** The Board and each of the Audit, Compensation and Nominating and Corporate Governance Committees will perform periodic self-evaluations to assess their effectiveness in leading the Company but no less frequently than as may be required by applicable law, regulation, or listing

requirements or as may be specified in any committee charter. The Nominating and Corporate Governance Committee shall review the self-evaluation of the Board and each such Committee and shall report to the Board on the results of its review to the extent material.

**13. CEO Selection, Evaluation and Succession.**

- (a) The performance of the Chief Executive Officer will be reviewed by the Compensation Committee at least annually. Such review will consider previous recommendations from the Compensation Committee with respect to long and short term corporate goals and performance of the Chief Executive Officer.
- (b) The Board shall approve and maintain a succession plan, including succession in the event of an emergency or crisis, for the Chief Executive Officer and other officers and key employees, based upon the recommendations of the Nominating and Corporate Governance Committee. The Chief Executive Officer should make available to the Nominating and Corporate Governance Committee and the full Board his or her recommendations and evaluations of potential successors at all senior management positions, including Chief Executive Officer.

**14. Evaluation of Senior Executives.** In addition to the succession plan outlined in paragraph 13, the Chief Executive Officer shall periodically provide to the Compensation Committee an evaluation of the Company's senior executives.

**15. Board and Committee Meetings.**

- (a) The Non-Executive Chairman of the Board and the Committee Chairmen, as appropriate, determine the frequency and length of meetings of the Board and Committees, respectively, subject to the following guidelines: the Board of Directors meets at least four times annually; the Audit Committee meets at least four times annually; the Compensation Committee meets at least once annually; and the Nominating and Corporate Governance Committee meets at least once annually; each in regularly scheduled sessions. Executive Committee meetings are scheduled as needed.
- (b) The Non-Executive Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.
- (c) The Chairman of each Committee, in consultation with the appropriate members of management and staff, will develop the Committee's agenda. The schedule for each Committee will be furnished to all Directors. Each Committee member is free to suggest the inclusion of items on the agenda.

Each Committee member is free to raise at any Committee meeting subjects that are not on the agenda for that meeting.

16. **Evaluation and Revision of Corporate Governance Guidelines.** The Board shall periodically review these Corporate Governance Guidelines and implement appropriate changes.

## Schedule A

No Director shall be deemed to be “independent” if he or she:

1. has in the last three years been employed by the Company, or an immediate family member has in the last three years been employed as an Executive Officer of the Company;
2. has in the last three years been affiliated with or employed by an affiliate of the Company, or an immediate family member has in the last three years been an Executive Officer of an affiliate of the Company;
3. is or has an immediate family member who is, or in the last three years has been, employed as an executive officer of another company where any of the Company’s present Executive Officers at the same time serves or served on that company’s compensation committee
4. is a current partner or employee of the Company’s internal or external auditor or has an immediate family member who is a current partner of such firm, or has an immediate family member who is an employee of such firm who personally works on the Company’s audit, or has been or has an immediate family member who was within the last three years a partner or employee of such firm and personally worked on the Company’s audit within that time;
5. is an employee, or has an immediate family member who is an Executive Officer, of a company that has made or makes payments to, or received 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;
6. has received, or has an immediate family member who has received, during any twelve-month period in the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or
7. would be deemed not to be independent under the Applicable Laws.