

GOTTSCHALKS INC.

CODE OF BUSINESS CONDUCT AND ETHICS

In recognition of its commitment to the highest standards of business ethics, Gottschalks Inc. a Delaware corporation (the "Company") has adopted this Code of Business Conduct and Ethics. The Company requires that all associates, principals, officers and Directors (collectively, "Gottschalks Associates" or "Associates") perform their respective duties for the Company in accordance with this Code.

This Code establishes standards of business and professional ethics to assure that the Gottschalks Associates are able to perform their responsibilities and exercise their judgments on behalf of the Company. The Company expects that all Gottschalks Associates will deal fairly with the Company's customers, suppliers, competitors and employees. No Gottschalks Associate should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair-dealing practice.

Gottschalks Associates shall avoid any activity, interest or relationship with non-Company persons or entities which would create, or might appear to others to create, a conflict with the interest of the Company. While the Company wishes to preserve the privacy of Gottschalks' Associates and their rights to conduct their personal affairs without interference, a full and timely disclosure of the facts can usually avoid misunderstanding.

A. CONFLICTS OF INTEREST

Gottschalks Associates are required to promote the best interests of the Company and should not have any direct or indirect interest in, or relationship to, any transaction which might influence, or appear to influence, his or her performance of Company responsibilities. An Associate should not compete with the Company or have an interest in any competitor or supplier of the Company, which could influence the Associate's objectivity or independence of judgment in performing his or her responsibilities or could create a conflict of interest. This does not apply to stock holding in publicly held corporations not exceeding 1%.

An Associate should not be in a position to make or influence a decision relating to the Company's business with his or her immediate family members. An Associate should not be in a position to derive any direct or indirect benefit from a Company transaction involving a relative. An Associate should disclose any situation in which a relative has an interest in a competitor or supplier in any Company transaction.

An Associate is prohibited from taking for themselves opportunities that properly belong to the Company or are discovered through the use of corporate property, information or position.

For these purposes, immediate family members would include the Associate's spouse, children, dependants, parents, brothers and sisters and their spouses, and in-laws.

B. GIFTS, ENTERTAINMENT AND LOANS

Gottschalks Associates should not, directly or indirectly, accept gifts of cash or anything else of value from anyone doing or seeking to do business with the Company, other than non-cash gifts of nominal value generally used for promotional purposes.

Participation in business related functions, such as the acceptance of lunches or other meals on occasion, is a normal and permissible business practice. However, care must be exercised to ensure that they are not excessive under the applicable circumstances. All gifts received, retail valued over \$100 each, must be reported immediately on the Supplemental Schedule of Gifts, Loans and Entertainment.

Entertainment such as dinners, event tickets and trips may be accepted only if it is in the Company's interest to attend (does not apply to conventions and seminars approved by an officer). All entertainment retail valued over \$100 each must be reported immediately on the Supplemental Schedule of Gifts, Loans and Entertainment.

Gottschalks Associates should not accept loans from anyone doing or seeking to do business with the Company except recognized financial institutions at normal interest rates prevailing at the time of borrowing. All loans, regardless of the amount, must be reported immediately on the Supplemental Schedule of Gifts, Loans and Entertainment.

In summary, nothing should be accepted which could impair, or appear to impair, a Gottschalks Associate's ability to perform his or her responsibilities or to exercise his or her judgment in a fair and unbiased manner.

C. PROTECTION OF CONFIDENTIAL INFORMATION

Gottschalks Associates should maintain the confidentiality of the Company's confidential information or that of its customers and should not use any such information for any purpose other than pursuing the Company's business objectives or complying with the Company's legal or other obligations. Information about the Company, unless previously released to the public or authorized to be disclosed, should be considered to be confidential.

D. USE OF COMPANY INFORMATION

Gottschalks Associates should not use any aspect of the confidential information obtained as a result of his or her relationship with the Company for personal gain. Moreover, such information should not be disclosed to any person or entity except as required in the performance of Company responsibilities or as expressly authorized by the Company. An Associate can be disciplined, terminated or held liable to the Company for any benefits gained from improper use of such information or any damages sustained by the Company as a result of improper disclosure of such information (i.e. buying or selling the Company's stock based on information not available to the general public).

E. COMPLIANCE WITH LAWS

Associates must comply with all applicable foreign, federal, state and local laws, rules and regulations that govern the Company's business conduct. Associates should avoid engaging in any conduct that, even though legally permissible, is inconsistent with the ethical principles to which the Company subscribes.

F. PUBLIC FILINGS AND COMMUNICATIONS

As a result of our status as a public company, the Company is required to file reports and documents with the Securities and Exchange Commission (the "SEC"). The Company also issues press releases and makes other public statements that include

financial and other information about its business, financial condition and results of operations. Because of the importance of the Company's public disclosures, the Company must take all reasonable steps to ensure that the Company's public reports, documents filed with, or submitted to, the SEC and in press releases and public communications furnish the marketplace with full, fair, accurate, timely and understandable disclosure regarding the Company.

G. ADHERENCE TO CODE

It is the responsibility of all Gottschalks Associates to ensure that they comply with the applicable requirements of this Code.

The Corporate Human Resource Department is responsible to ensure that all members of the Boards of Directors, officers and executive associates complete a conflict of interest disclosure statement prior to the assumption of their Company responsibilities, and thereafter, on an annual basis the Corporate Human Resource Department shall request the conflict of interest disclosure statement.

Management personnel are responsible for the initial and annual review and necessary approvals of their subordinate's conflict of interest disclosure statements. Furthermore, management will take appropriate actions to ensure that Associates under their supervision have been properly excluded from the decision making process where a known conflict exists.

To help protect the Company, it is essential that you promptly and fully report any situation that may violate the law or Company policy, whether you are involved in the situation or not. There will be no punishment or retaliation if you, in good faith, make such a report relating to the conduct of others. For Company policy violations, report the violations to your manager or Human Resources. Alleged violations by Gottschalks Associates will be promptly investigated and handled confidentially. Following a complete review, appropriate disciplinary action will be taken, up to and including discharge, if the violation is substantiated.

Reports that raise material concerns about our accounting practices, internal controls or audit matters will be referred to the Company's Audit Committee. Any waiver of a provision of the Code of Business Conduct and Ethics applicable to our executive officers or directors may be made only by the Board of Directors of the Company or a committee of the Board designated for that purpose and will be promptly disclosed to the Company's shareholders.

This Code covers a number of important situations, but it is not all-exclusive. Your sensitivity and judgment are essential to avoid any situation involving a conflict between your personal interests and those of the Company.

You are encouraged to contact your supervisor, the Internal Audit Manager, the Director of Human Resources, or the President at corporate headquarters for guidance before becoming involved in a situation which could conflict with your responsibilities to Gottschalks or could adversely affect your judgment or performance.