



## Corporate Governance Guidelines

The Board of Directors of Gymboree has adopted these guidelines to assist it in fulfilling its responsibilities to the Company's stockholders. These guidelines will be reviewed periodically and revised as appropriate.

### 1. Responsibilities of Directors

The Board is responsible for overseeing the management of the Company's business and operations, monitoring the effectiveness of its business plans and policies and reviewing its long-term strategic plans and objectives.

### 2. Size of the Board

The Company's bylaws provide for a Board that consists of not less than six members nor more than nine members, as fixed from time to time by the Board. The authorized number of Directors is currently set at seven.

### 3. Independence of Directors

An independent director is a director whom the Board has determined does not have a relationship, which in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In addition, the Board will not deem a director independent if within the last three (3) years:

- the director was employed by the Company or by any subsidiary of the Company or has an immediate family member who was employed by the Company as an executive officer;
- the director accepted any compensation from the Company in excess of \$120,000 during any period of twelve consecutive months, other than (i) compensation for board or board committee service; (ii) compensation paid to an immediate family member who is an employee (other than as an executive officer) of the Company; or (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- the director is a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services during a fiscal year that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more, other than (i) payments arising solely from investments in the Company's securities; or (ii) payments under non-discretionary charitable contribution matching programs;
- the director was employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity;
- the director was a current partner of the Company's outside auditor or was an employee of the Company's outside auditor who worked on the Company's audit; or
- the director has an immediate family member falling into any of the foregoing categories.

The Board shall also apply any additional independence standards adopted by NASDAQ or the Securities and Exchange Commission.

For purposes of determining director independence for audit committee purposes, the following additional requirements apply:

- a director cannot receive, directly or indirectly, any consulting or advisory fees or any other compensation other than director's fees from the Company; and
- a director cannot be an "affiliated person" of the Company or any of its subsidiaries (as such term is defined under applicable federal securities laws and regulations), except as specifically permitted under such laws and regulations or official interpretations thereof.

A majority of the directors must be independent directors, as determined in accordance with the foregoing standards. Only directors meeting the foregoing standards may serve on the Company's Audit, Compensation, and Nominating and

Governance Committees. The Board will periodically review the independence of each of the Company's directors, which will include a determination on an annual basis, or more frequently if circumstances dictate, whether each independent director has any material relationship with the Company that would impair the director's independence.

#### 4. Qualifications of Directors

A director of the Company should possess the highest personal and professional ethics, integrity, and values. Each director must possess practical wisdom, mature judgment, and be committed to the best long-term interests of our stockholders.

A potential director is identified and considered on the basis of leadership, reputation, ability to understand the Company's business and the expertise that such director would bring to the Board. A director should have knowledge and professional experience in areas relevant to the conduct of the Company's business and operations, such as retail, consumer products, real estate, store operations, logistics, accounting, finance, marketing or technology. Each director is evaluated in the context of the Board as a whole, taking into account, among other things, the number of independent directors on the Board, with the objective of building a Board that can best serve the long-term interests of the Company's stockholders.

The Nominating and Governance Committee has the responsibility to identify, screen, and recommend qualified candidates to the Board. Qualified candidates are interviewed by the Chairman and the Chief Executive Officer as well as at least two independent directors. The Nominating and Governance Committee is responsible for periodically establishing and reviewing the criteria for Board membership as set forth in these guidelines.

Stockholders may recommend candidates for nomination to the Board by submitting the names and required supporting information to: Chair of the Nominating and Governance Committee, Attn: Corporate Secretary, The Gymboree Corporation, 500 Howard Street, San Francisco, CA 94105. Stockholders should include the name, biographical information, and other relevant information relating to the recommended director nominee, including information that would be required to be included in a proxy statement filed in accordance with applicable rules under the Securities Exchange Act of 1934, as amended, and information required by the Company's Amended and Restated Bylaws with respect to proposed director nominees, as well as the consent of the candidate for director.

#### 5. Commitment to the Board and Conflicts of Interest

A director must be willing to devote sufficient time to fulfill his or her responsibilities and be willing to serve on the Board for an extended period of time. Each director is expected to attend and participate in all meetings of the Board and committees of which the director is a member, and to review all meeting materials provided in advance of meetings. Each director must maintain the confidentiality of the Company's non-public information.

Each director is expected to disclose all conflicts of interest, including situations that have the potential to create real or apparent conflicts of interest. A director should not serve on the board of or provide services to a competitor of the Company. A director who has been invited to join the board of another public company must first inform the Chairman and the Chair of the Nominating and Governance Committee. A director should offer his or her resignation in the event of any significant change in personal or professional circumstances that could impede the director's ability to carry out his or her responsibilities or that would otherwise be inconsistent with the qualifications for directors set forth in these guidelines.

The Board has determined that a director should not serve as a director of more than three other public companies and that members of the Audit Committee should not serve on the Audit Committee of more than three other public companies.

#### 6. Term of Directors

The Board is divided into classes, with the directors in each class serving staggered, three-year terms. There is no limit on the number of terms for which a director may serve. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future success of the Company based on their past experience and understanding of the Company's history, culture, and business goals.

#### 7. Committees of the Board

The Board has established the following committees to assist it in fulfilling its responsibilities:

- Audit - The Audit Committee maintains oversight of the integrity of the Company's financial statements, compliance with legal and regulatory requirements that relate to financial reporting matters, the qualifications, independence and performance of the Company's independent auditors, the performance of the Company's internal audit

function, and compliance with the Company's Code of Ethics for Senior Financial Officers and with the Business and Ethics Code of Conduct applicable to all employees.

- Compensation - The Compensation Committee assists the Board in the discharge of its responsibilities relating to the compensation of executives, employees, and directors who are not employees of the Company, as well as oversight of the Company's administration of its compensation and benefit plans and policies.
- Nominating and Governance - The Nominating and Governance Committee identifies individuals qualified to become directors, approves and recommends director candidates to the Board, develops and recommends to the Board corporate governance principles and policies applicable to the Company, and monitors compliance with those principles and policies adopted by the Board.

Each committee operates under a written charter that governs its responsibilities and authority. The Board reviews each charter, and committee recommendations for changes to the charters, on an annual basis.

#### 8. Meetings of the Board

The Board currently holds four regularly scheduled Board meetings per year as well as special meetings that may be called as the need arises. The Chairman, Lead Director, if appointed, and senior management establish the agenda for each Board meeting.

At least once per year, the Board meets for a longer strategic planning session, which is designed to review the Company's overall strategic and long-term plans and to provide an extended opportunity for directors to meet with the Company's senior management.

#### 9. Meetings of Independent Directors

The independent directors meet separately in executive session without the presence of management at least twice per year after regularly scheduled Board meetings. These executive sessions may include topics determined by the independent directors. If appointed, the Lead Director will preside over such executive sessions. If there is no Lead Director appointed, then the Chair of the Nominating and Governance Committee shall preside. The independent directors may not take formal Board action at such executive sessions, but the participating directors may make recommendations for consideration by the full Board.

#### 10. Evaluation of Board Performance

The Board is responsible for conducting an evaluation at least annually of its performance and to evaluate ways in which it can better contribute to the governance and long-term success of the Company. The Nominating and Governance Committee will develop and recommend procedures to assist the Board with this evaluation. Each committee of the Board also performs an annual self-evaluation to review its effectiveness and performance, and to identify and recommend to the Board any changes to its committee charter that the committee members deem advisable.

#### 11. Offices of the Chairman of the Board and the Chief Executive Officer

The Board selects the Chief Executive Officer and the Chairman in the manner that it determines to be in the best interests of the Company. The offices of the Chairman and the Chief Executive Officer may be held by the same person. The Board from time to time will review its policy on whether the offices of Chairman and the Chief Executive Officer should be separate.

#### 12. Lead Director

When the Chairman is a member of the Company's management, then the independent members of the Board of Directors may select a Lead Director. If appointed, the Lead Director is responsible for coordinating the activities of the independent directors and in particular for (a) assisting the Chairman and senior management in developing agendas for Board and committee meetings, (b) coordinating with the Chairman with respect to information to be provided to the directors, (c) chairing and developing agendas for the meetings and executive sessions of the independent directors, and (d) acting as a liaison between the independent directors and the Chairman and senior management.

#### 13. Succession Planning

The Chief Executive Officer will report to the Board on an annual basis with respect to succession planning for the Chief Executive Officer and other members of senior management as well as the development of members of senior management. The Board will review the succession plan, including the identification and review of potential successors for the Chief Executive Officer.

14. Ethics

Each director is expected to act with integrity and to adhere to the policies of the Company's Business and Ethics Code of Conduct.

15. Compensation of Directors

The Compensation Committee is responsible for reviewing the compensation and benefits for independent directors and recommending to the Board any appropriate changes thereto. The compensation should be an appropriate mixture of cash fees and equity awards.

16. Access to Management and Retention of Independent Advisors

The Board has access to any member of management, as well as to the Company's books and records. Management is expected to be responsive at all times to requests for information by directors. The Board and its committees have the right at any time to retain independent financial, legal, or other advisors to assist them in fulfilling their respective responsibilities.

17. Director Orientation and Continuing Education

The Chairman should ensure that new directors are provided with all necessary materials regarding the Company's business, operations and historical performance. The Company will also provide briefings with senior management at the Company's headquarters as well as store visits. Briefings on new developments and other educational opportunities will be made available to the directors on subjects that would assist them in performing their duties

18. Attendance at Annual Meeting of Stockholders

Each director is expected to attend and be available to answer questions at the Company's Annual Meeting of Stockholders.

19. Stockholder Communications with Directors

Stockholders and other interested parties may contact the Board or an individual director by writing to them at the following address: Board of Directors, Attn: Corporate Secretary, The Gymboree Corporation, 500 Howard Street, San Francisco, CA 94105.