

OshKosh B'Gosh, Inc.
Corporate Governance Policies and Guidelines

A. Board Composition, Organization and Selection

1. **Board Leadership.** The Board currently sees no reason to separate the office of Chairman and CEO. It may, however, reach a different conclusion in the future, in which event appropriate action will be taken. The Board also believes there is no current need to formally designate a "lead" independent director.
2. **Size of the Board.** The Board believes that the Board should generally consist of nine directors, subject to the possibility of increase or decrease from time to time if circumstances so warrant.
3. **Board Membership Criteria.** The entire board is responsible for nominating persons for election to the board and for filling vacancies that may occur between annual meetings of shareholders. The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the entire board, based on such qualities as integrity, independence, diligence, experience, diversity, financial literacy and expertise, wisdom, educational and professional background, and knowledge of the Company's business and industry, as well as the willingness and ability to devote adequate time to board responsibilities. The Nominating and Corporate Governance Committee is also responsible for seeking to assure that particular talents, skills, experience and other characteristics that are needed to maintain or increase the Board's effectiveness are possessed by an appropriate combination of directors.
4. **Proportion and Determination of Independent Directors.** The Board of Directors has determined that the Company currently is a "controlled company" because the members of the Wyman/Hyde Group have publicly disclosed that they are acting as a group for certain purposes with respect to the Company's Class B Common Stock and is therefore exempt from the NASDAQ requirements

for a majority independent board and independent compensation and nominating committees. Nevertheless, the Company believes that it should strive to maintain at least four directors who are "independent directors" as defined from time to time by relevant law and NASDAQ rules, and that its Audit Committee and Compensation Committee should consist entirely of "independent directors" as so defined. The foregoing will not, however, prevent the board or any committee from taking valid actions in compliance with applicable law if, due to a temporary vacancy or vacancies on the board or committee, there are fewer than the intended proportion of independent directors. Any such vacancies should be filled as soon as reasonably practicable.

5. **Selection of Directors.** The Nominating and Corporate Governance Committee is responsible for recommending nominees to the board for election by the shareholders (and, in the case where a vacancy is to be filled by the board itself, by the remaining directors). In carrying out this responsibility, the Nominating and Corporate Governance Committee shall give appropriate consideration to any director candidates recommended by security holders, and the Company shall disclose in its annual meeting proxy statement the procedures to be followed by security holders in submitting such recommendations. Such procedures will be established, and reviewed from time to time, by the board. However, the board as a whole shall be responsible for determining the qualifications of any individual to serve on the Audit Committee and for designating any or all members of the Audit Committee as "audit committee financial experts" as required by SEC rules under the Sarbanes-Oxley Act. In light of this responsibility, the Nominating and Corporate Governance Committee shall coordinate with the board as a whole in screening new candidates and re-nominating existing members for service on the board and on the Audit Committee.
6. **Directors Who Change Their Corporate Affiliations.** Any director who changes his or

her employer or otherwise has a significant change in job responsibilities, or who accepts or intends to accept a directorship with another public company that he or she did not hold when most recently elected to the Company's board of directors, shall give written notice to the Nominating and Corporate Governance Committee, specifying the details, as soon as feasible. Although the board does not believe that a director who has such a change should necessarily leave the board, the notice is intended to provide an opportunity for the board, through the Nominating and Corporate Governance Committee, to evaluate any potential changes in independent director status, any potential conflicts of interest, whether the additional responsibilities may create too many competing demands on the director's time, and other relevant factors.

7. **No Pre-Determined Term Limits.** In lieu of pre-determined term limits, the Nominating and Corporate Governance committee will evaluate each director's continued services on the board in connection with each annual decision regarding whether the director should be re-nominated to the board.
8. **Retirement Age.** No director shall be nominated or re-nominated for election to the board by the shareholders if he or she will have reached age 72 at the time of the annual stockholders meeting at which his or her election would be voted upon.

B. Board Compensation and Performance

1. **Board Compensation Review.** The Nominating and Corporate Governance Committee shall report to the board on the status of the Company's director compensation practices in relation to other public companies of comparable size and within the same industry. The Company believes in a mix of both cash and stock based compensation. Any changes in director compensation should be based upon the recommendation of the Nominating and Corporate Governance Committee but with full discussion and approval by the full board.

- 2. Assessing the Performance of the Board and Committees.** The Nominating and Corporate Governance Committee is responsible for conducting an annual evaluation of the performance of the full board and of each of the committees of the board and is to report its conclusions to the board. That report should specifically review areas in which any director and/or management suggests that a better contribution could be made. The Nominating and Corporate Governance Committee shall be responsible for establishing the evaluation criteria. The purpose of the assessment is to increase the effectiveness of the board and its committees and to evaluate compliance with the bylaws, applicable committee charters, this Corporate Governance Policy and "best practices" of board performance.

- 3. Preparation For and Attendance at Meetings.** The board is responsible for identifying and taking reasonable actions to assure that the Company is managed in the interests of its shareholders by operating a successful business that optimizes long-term financial returns in a manner consistent with applicable legal requirements and ethical considerations. To further these important responsibilities, each director is expected to be familiar with the Company's business and public disclosures, to thoughtfully review materials distributed by the Company in advance of board and committee meetings, and to strive to attend the annual meeting of stockholders, all board of director meetings and, where appropriate, committee meetings. The minimum expectation is that each director will be in attendance, in person or by telephone or other appropriate technology, for at least 75% of the meetings of the full board and committees on which he or she serves. If it is not possible to attend the annual meeting of stockholders or a particular meeting, the director is expected to give notice of that fact as early as possible. (The SEC proxy rules require the Company to identify any director who did not attend at least 75% of all directors meetings and meetings of committees on which the director serves and to

state the number of directors who attended the preceding annual meeting of stockholders.)

C. Board of Directors' Responsibilities

1. **Selection, Evaluation and Retention of CEO; Oversight Regarding Other Executive Officers; Succession Planning; Monitoring of Management's Strategies and Decisions.** The board has the responsibility to select, evaluate the performance of, and make decisions about the retention of the CEO, to oversee the selection and evaluation of the performance of other executive officers, to participate with the CEO in planning for management succession, and to monitor on a regular basis the effectiveness and execution of management's strategies and decisions with a view to optimizing the Company's long-term financial returns. The CEO shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to specified officers of the Company in the event the CEO should unexpectedly become unable to perform his or her duties. The short-term succession plan shall be in effect until the board has had the opportunity to consider the situation and take appropriate action.
2. **Oversight of Strategic Plans and Annual Operating Plans and Budgets.** The board is responsible for overseeing and understanding the Company's strategic plans as developed by management and should regularly monitor implementation of such plans to determine whether changes may be needed. The board is also responsible for overseeing and understanding the Company's annual operating plans as developed by management and for monitoring whether these plans are being implemented effectively and within budgets established or approved by the board.
3. **Selection and Oversight of Independent Auditors; Oversight of Financial Statements.** The Audit Committee has sole responsibility to appoint, compensate and replace the Company's independent auditor and to pre-approve the engagement terms and the provision of any audit and non-audit

services it performs for the Company. The Audit Committee has direct responsibility (and the board as a whole has a corresponding and supplemental responsibility) for monitoring the performance of the outside accounting firm and guarding against any compromise of its independence, as well as overseeing the financial statements prepared by management and audited by such firm, with the goal of assuring that the financial statements and other public disclosures by the Company fairly present the Company's financial condition, results of operations, cash flows and related matters in a clear and understandable way.

4. **Advising Management on Significant Issues.** The board is responsible to advise and counsel management, both in meetings and informally, on significant issues facing the Company.
5. **Significant Company Actions and Other Specified Matters.** The board is responsible under state corporate law to authorize or approve significant actions by the Company, including election of executive officers, declaration of dividends, authorization of issuances of stock or options, and major transactions. The board is also responsible for approving certain actions by the Company as required by applicable securities laws and NASDAQ requirements, by the Company's bylaws, by this policy, and by other policies that may be adopted by the board from time to time.
6. **Nominating Directors and Committee Members and Overseeing Effective Corporate Governance.** The board and the Nominating and Corporate Governance Committee are responsible for (a) evaluating and nominating directors and members of board committees, (b) overseeing the structure and practices of the board and board committees and (c) overseeing other corporate governance matters, as more fully set forth in this policy and the bylaws.

D. Management's Responsibilities

1. **Financial Statements and Disclosures.** Management is responsible, subject to the oversight of the

board and the Audit Committee: for producing financial statements and other public disclosures that fairly present material information with respect to the Company and its operations, including its financial condition, results of operations and cash flows, in a clear and understandable way; for making timely and complete disclosures to investors; and for keeping the board and its committees well-informed on a timely basis as to all matters of major significance to the Company.

2. **Strategic Planning.** The CEO and senior management are responsible for developing and presenting to the board proposals for the Company's strategic plans and for implementing the strategic plans approved by the board.
3. **Annual Operating Plans and Budgets.** The CEO and senior management are responsible for developing and presenting to the board proposals for the Company's annual operating plans and annual budgets and for implementing the plans and budgets as approved by the board.
4. **Effective Management and Organizational Structure.** The CEO and senior management are responsible for selecting qualified members of management and for implementing and working within an effective organizational structure appropriate for the Company's particular circumstances.
5. **Setting a Strong Ethical Tone.** The CEO and senior management are responsible for creating a corporate environment of integrity, high ethical standards, and compliance with law and Company policy on the part of all persons associated with the Company.
6. **Internal Controls and Procedures.** Senior management is responsible for developing, implementing and monitoring an effective system of internal controls and procedures to provide reasonable assurance that the Company's transactions are properly authorized, the Company's assets are safeguarded against unauthorized or improper use, and that the

Company's transactions are properly recorded and reported. The internal controls and procedures shall be designed to permit timely preparation of financial statements for the Company in conformity with generally accepted accounting principles.

7. **Disclosure Controls and Procedures.** Senior management is also responsible for establishing, maintaining, evaluating and if necessary revising the Company's disclosure controls and procedures which, as required by law, are designed to ensure that information required to be disclosed in Company reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that required information is accumulated and communicated to management, including its principal executive and financial officers, so as to allow timely and appropriate decisions regarding required disclosure.

E. Board Relationship to Stockholders and Senior Management

1. **Board Access to Senior Management.** The board as a whole, as well as each board committee, the non-management directors meeting separately, and each director individually, will have complete access to the Company's senior management.
2. **Attendance of Non-Director Executive Officers at Board Meetings.** Except as otherwise determined in particular circumstances by the CEO or the board, the board welcomes the attendance at board meetings of senior executive officers who are not members of the board but who can provide additional insight into particular items being discussed.
3. **Board Interaction with Security Holders, Press and Customers.** The board believes that the Company's management has the authority and responsibility to provide the public spokesperson(s) for the Company, and that it is ordinarily inappropriate for individual board

members to communicate on behalf of the Company. However, the Company will maintain and publicly disclose a process for security holders to send communications to the board of directors and, if applicable, to specified individual directors. Such process will be established, and reviewed from time to time, by the board. Individual board members may, from time to time at the request of management or under other appropriate circumstances, communicate with particular constituencies about specific matters.

F. Meeting Procedures

- 1. Selection of Agenda Items for Board and Committee Meetings.** The CEO will establish the agenda for each board meeting and will include in the agenda any item requested by any director. The chair of each committee will establish the agenda for each committee meeting and will include in the agenda any item requested by any member of the committee.
- 2. Materials Distributed in Advance.** Management is responsible for assuring that information and data that are important to the board's understanding of the Company's business and that are relevant to matters expected to be considered and acted upon by the board, will be distributed in writing to the directors sufficiently in advance of each board and committee meeting so as to provide the directors a reasonable time to review and evaluate that information and data. In those circumstances when it is not feasible to provide all appropriate information a reasonable time in advance of expected board action, reasonable steps shall be taken (which may include extending the length of the board or committee meeting to allow more discussion, adjourning the meeting briefly to allow time to review the information, or deferring a vote until a follow-up telephonic meeting) to permit directors to become reasonably informed before any action is taken by the board or committee.
- 3. Presentations at Meetings.** Management is responsible for assuring that appropriate presentations are made at meetings of the board

and each committee to assist the members in making informed decisions. To the extent practicable, presentations on specific topics should be sent to board and committee members in advance so that meeting time may be conserved and discussion time focused on questions regarding the material.

4. **Separate "Executive Session" Meetings of Independent Directors.** From time to time upon the request of any director, and in any event at least twice each year in conjunction with regularly scheduled board meetings, the independent directors (as defined by applicable NASD rules) shall meet separately from the other directors in executive session without the presence of the other directors or executive officers of the Company (except to the extent the independent directors request the attendance of any of the other directors or executive officers). Such executive sessions are intended to encourage and enhance communication among the independent directors.

G. Committee Matters

1. **Number, Structure and Independence of Committees.** The board shall have an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and such other committees as are designated in or in accordance with the bylaws. The Audit Committee and the Compensation Committee shall consist entirely of independent directors as defined by applicable NASD rules. All committees shall have such authority and responsibilities as are provided by applicable law, NASD rules, the bylaws, the committee charter (if any), and the board and Company policies (including this policy).
2. **Assignment of Committee Members.** The Nominating and Corporate Governance Committee is responsible, after consultation with the CEO and giving consideration to the desires of individual board members, for recommending to the board the assignment of board members to various committees.

3. **Frequency and Length of Committee Meetings.** Subject to any applicable requirements of law, the NASD, any committee charter or board directives, each committee chair, in consultation with committee members will determine the frequency and length of meetings of the committee.
4. **Committee Reports.** At each board meeting, the chair of each committee or his or her delegate shall report the matters considered and acted upon by the committee since the preceding board meeting, except to the extent such matters are covered by a written report to the full board, and shall be available to answer any questions any directors may have regarding the matters considered and actions taken by the committee.

H. Miscellaneous

1. **Resources.** The board and board committees may use reasonable amounts of time of the Company's internal and independent accountants, staff and outside lawyers and also shall have the authority to hire independent accounting experts, attorneys and other consultants to assist and advise the board or committee in connection with its responsibilities. The board and each committee shall keep the Company's management advised as to the general range of anticipated expenses for outside consultants hired hereunder.
2. **Reliance.** Each director is entitled to rely in good faith on (1) corporate records, (2) information and data provided by officers, employees or board committees and (3) information and data provided by any other person selected with reasonable care as to matters reasonably believed to be within the person's professional or expert competence. The board shall assess the qualifications and any conflicting interests of all such persons on whom it relies and shall inquire as to the processes used by such persons to reach their conclusions, prepare their reports and make their recommendations.
3. **Code of Conduct and Ethics.** The Company shall maintain a Code of Conduct for all Company

employees and a Director and Executive Officer Code of Ethics applicable to the Company's directors and executive officers.

- 4. Director Orientation and Continuing Education.** Each new director shall be given an orientation with respect to his or her duties as a director, including (a) copies of this policy and the American Bar Association Section of Business Law's Corporate Directors Guidebook, (b) copies of Company policies relating to confidentiality, securities law compliance and similar matters, (c) to the extent appropriate, background information and material with respect to the Company and its business, and (d) such other information as the Chairman of the Board or the Chair of the Nominating and Corporate Governance Committee deems helpful or appropriate.
- 5. Disclosure of this Policy.** This policy will be available to any person requesting it. Such availability will be noted in the Company's annual report to shareholders.