

THE STRIDE RITE CORPORATION

Corporate Governance Guidelines

The Board of Directors (the “Board”) of The Stride Rite Corporation (the “Company”) has adopted the corporate governance guidelines set forth below to assist and guide the Board in the exercise of its responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, the New York Stock Exchange and the Company’s Restated Articles of Organization, as may be amended from time to time, and By-laws. The Board may review and amend these guidelines from time to time.

I. Director Qualification Standards

- **Process for Identifying and Selecting Directors.** The Board of Directors will delegate to the Committee on the Board the responsibility of identifying suitable candidates for nomination to the Board of Directors (including candidates to fill any vacancies that may occur) and assessing their qualifications in light of the policies and principles in these corporate governance guidelines and the committee’s charter. The Committee on the Board will recommend prospective Director candidates for the Board’s consideration and review the prospective candidates’ qualifications with the Board. The Board of Directors shall retain the ultimate authority to nominate a candidate for election by the stockholders as a Director or to fill any vacancy that may occur.
 - In identifying prospective Director candidates, the Committee on the Board may consider all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the prospective Director candidate, his or her depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board.
- **Independence.** At least a majority of the members of the Board of Directors shall meet the independence requirements set forth in Subsections 1 and 2 of Section 303A of the New York Stock Exchange Listed Company Manual.
 - At least annually, the Board will evaluate relationships between the Company and each independent Director in light of relevant facts and circumstances for the purposes of determining whether a material relationship exists that might signal a potential conflict of interest or otherwise interfere with such Director’s ability to satisfy his or her responsibilities as an independent Director.

- **Limit on Number of Other Boards.** Carrying out the duties and fulfilling the responsibilities of a Director requires a significant commitment of an individual's time and attention. The Board does not believe, however, that explicit limits on the number of other boards of directors on which the Directors may serve, or on other activities the Directors may pursue, are appropriate. The Board, however, recognizes that excessive time commitments can interfere with an individual's ability to perform his or her duties effectively. In connection with its assessment of Director candidates for nomination, the Committee on the Board will assess whether the performance of any Director has been adversely impacted by excessive time commitments, including service on other boards. Directors must notify the Chairman of the Board in connection with accepting a seat on the board of directors of another business corporation so that the potential for conflicts or other factors compromising the Director's ability to perform his or her duties may be fully assessed.
- **Term and Age Limits.** The Board does not believe that arbitrary limits on the number of consecutive terms a Director may serve or on the Directors' ages are appropriate in light of the substantial benefits resulting from a sustained focus on the Company's business, strategy and industry over a significant period of time. Each individual's performance will be assessed by the Committee on the Board in light of relevant factors in connection with assessments of candidates for renomination as Directors.
- **Succession.** The Committee on the Board shall be responsible for developing succession plans for the Board as appropriate in light of relevant facts and circumstances.

II. Director Responsibilities

- **Role of Directors.** The business and affairs of the Company are managed by or under the direction of the Board of Directors, acting on behalf of the stockholders. The Board has delegated to the officers of the Company the authority and responsibility for managing the Company's everyday affairs. The Board of Directors has an oversight role and is not expected to perform or duplicate the tasks of the CEO or senior management.
 - In discharging their responsibilities, the Directors shall exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders.
 - No Director represents, or should represent, the interest of any particular constituency, other than the stockholders as a whole.
- **Attendance at the Meetings.** Each member of the Board is expected to make reasonable efforts to attend regularly scheduled meetings of the Board and to participate in telephone conference meetings or other special meetings of the Board. In the event that a Director is unable to make at least 75% of those regular or special

meetings (or the meetings of committees on which such Director serves), the Company will be required to disclose that fact in its annual proxy statement. In addition, attendance and participation at meetings is an important component of the Directors' duties and, as such, attendance rates will be taken into account by the Committee on the Board in connection with assessments of Director candidates for renomination as Directors.

- **Time Commitment; Advance Distribution and Review of Materials.** Directors are expected to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Senior management is responsible for distributing information and data that are important to the Board's understanding of the business to be conducted at a Board or Committee meeting to the Directors. Directors should review these materials in advance of the meeting when reasonably practicable.

III. Board Structure

- **Size of the Board.** The Board presently has eight members. It is the sense of the Board that this is an appropriate size; however, the Board reserves the right to increase or decrease the size of the Board, subject to the Company's by-laws, depending on an assessment of the Board's needs and other relevant circumstances at any given time.
- **Committees.** The Board will at all times have an Audit Committee, a Compensation Committee, a Committee on the Board and an Investment Committee. Each of the standing Audit Committee, Compensation Committee, and the Committee on the Board will have a written charter that sets forth the responsibilities of such committee and the qualifications for committee membership. The Board may from time to time establish additional committees as necessary or appropriate.
- **Executive Sessions.** The non-management Directors will meet at regularly scheduled executive sessions without management participation. The Director who presides at these meetings will be chosen by the non-management Directors, and his or her name, or the process by which he or she is selected, will be disclosed in the annual proxy statement. In order that interested parties may be able to make their concerns known to the non-management directors, the Company will also disclose a method for such parties to communicate directly and confidentially with the presiding director or with the non-management directors as a group.

IV. Director Access to Management and Independent Advisors

- In carrying out its responsibilities, the Board of Directors, and each committee thereof, shall be entitled to rely on the advice and information that it receives from management and such experts, advisors and professionals with whom the Board, or any such committee, may consult. The Board of Directors, and each committee thereof, shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor

or any other professional retained by the Company to render advice to the Company, attend a meeting of the Board, or such committee, or meet with any members of or advisors to the Board. The Board or any committee thereof shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its or their responsibilities.

V. Director Compensation

- The form and amount of Director compensation will be reviewed periodically, but at least annually, by the Committee on the Board, which shall make recommendations to the Board based on such review. The Board shall retain the ultimate authority to determine the form and amount of Director compensation at least annually.
- The Company's executive officers shall not receive additional compensation for their service as directors.

VI. Director Orientation and Continuing Education

- The Company will conduct an orientation program for each new Director. The orientation will include presentations by senior management designed to familiarize the new Director with the Company's business and strategic plans, key policies and practices, principal officers and management structure, auditing and compliance processes and Code of Ethics.
- The chief financial officer and general counsel will be responsible for periodically providing materials or briefing sessions for continuing Directors on topics that will assist them in discharging their duties.

VII. Management Succession

- The Compensation Committee shall be responsible for developing a CEO succession plan for consideration by the Board and reporting on such plan to the Board.

VIII. Annual Performance Evaluation of the Board and Committees

- The Board will conduct a self-evaluation at least annually for the purpose of determining whether it and its committees are functioning effectively and each committee of the Board will conduct a self-evaluation at least annually for the purpose of determining whether it is functioning effectively.

IX. Miscellaneous

- The Board believes that the management should be responsible for communications with the press, media and other outside parties made on behalf of the Company, though individual Board members may, at the request of management or of the Board, communicate with outside parties on behalf of the Company.

- Although these corporate governance guidelines have been approved by the Board, it is expected that these guidelines will evolve over time as customary practice and legal requirements change. In particular, guidelines that encompass legal, regulatory or exchange requirements as they currently exist will be deemed to be modified as and to the extent such legal, regulatory or exchange requirements are modified. These guidelines will be reviewed annually by the Committee on the Board to assess their adequacy and to recommend any revisions to these guidelines to the Board. The Board may amend these guidelines at any time as it deems appropriate.

ADOPTED: September 25, 2003