GOODY's
FAMILY CLOTHING®

Introduction

The reputation of Goody's Family Clothing, Inc. ("Goody's" or the "Company") is built upon basic principles of ethical behavior, individual integrity and personal commitment. This reputation can be retained only if all members of the Board of Directors (individually “Director(s),” and collectively the “Board”), Goody's Officers and Associates establish and adhere to the highest moral and ethical standards in the conduct of Goody's business.

This Code of Ethics and Standards of Business Conduct (the "Code") governs the work behavior and business relationships of all Goody's Directors, Officers and Associates with customers, competitors, governmental officials, the media, vendors, communities, the general public and fellow Directors, Officers and Associates. The purpose of this Code is to advise you of Goody's policies regarding business ethics and standards of conduct and to otherwise assist Directors, Officers and Associates in making decisions on behalf of Goody's and in avoiding conflicts of interest.

Unless otherwise indicated, any questions regarding this Code should be directed to a corporate Officer of Goody's or Director, a member of Human Resource management and in the case of Officers and Directors, Goody’s General Counsel. Directors, Officers and Associates are encouraged to discuss with the Goody’s General Counsel or any corporate Officer any concerns they may have related to the interpretation and application of this Code.

All Goody's Directors, Officers and Associates are covered by this Code. Such Directors, Officers and Associates (as designated by Goody’s from time to time) are required to acknowledge their understanding by signing “The Acknowledgement” form.

Goody's Code of Ethics is stated below, followed by Goody's Standards of Conduct.

Goody's Code of Ethics

Goody's will conduct its business fairly, impartially and in an ethical and proper manner. In conducting its business, integrity must underlie all Company relationships, including those with customers, competitors, governmental officials, the media, vendors, communities, the general public and fellow Directors, Officers and Associates.

The highest standards of ethical business conduct and full compliance with all applicable laws are required of Goody's Directors, Officers and Associates in the performance of their Company duties and responsibilities. Directors, Officers and Associates will not engage in conduct or activity that may raise questions as to the Company's honesty, impartiality, reputation or otherwise cause embarrassment to the Company. Every Director, Officer and Associate has the responsibility to ask questions, seek guidance, and express concerns regarding interpretation and compliance with the Code.

In order to preserve and perpetuate the reputation and successful business operation of Goody's, there should be careful observance of all applicable laws, rules and regulations, as well as scrupulous regard for high standards of conduct and personal integrity. While it is not possible to describe every illegal or improper act or practice, Goody's deems the following standards of conduct to be particularly important.

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Goody's Standards of Conduct

I. MUTUAL RESPECT

All Goody's Associates, applicants for employment, guests, or customers are entitled to be treated with respect and to be free of conduct, including at any Company function, and while traveling on Company business, that is offensive, hostile, intimidating or inconsistent with their personal rights. Any person affiliated in any way with the Company who is found to have acted in violation of this policy may be subject to appropriate disciplinary action including reprimand, termination, or prosecution (where warranted) under appropriate state and federal laws.

Associates are treated without regard to race, color, religion, sex, national origin, age, marital or veteran status, medical condition or handicap, or any other legally protected status. Any Associate who feels that he or she has been subject to discrimination or who has been subject to any behavior or conduct that is offensive should discuss the matter with a member of Human Resource management or the Chief Executive Officer, President, if any, an Executive Vice President or a Senior Vice President of the Company. All such matters will be promptly investigated and handled confidentially. Associates are encouraged to bring to the attention of the Company any conduct by management, a fellow Associate, customers, vendors or any person or persons associated with Goody's that is discriminatory or disrespectful of their dignity.

Consensual relationships between supervisor and Associate have the potential to create hostile working environments for both parties; misunderstandings can occur when relationships change. Such relationships tend to create real or imagined favoritism, resentment and morale problems. Goody’s prohibits Officers, managers and supervisors from dating subordinates, whether the reporting relationship is direct or indirect, and reserves the right to take affirmative steps toward minimizing potential problems created in these instances. Goody’s reserves the right to take disciplinary action for violating this policy up to and including termination.

II. SEXUAL HARASSMENT

It is Goody's policy that sexual harassment, in any form, of Associates, applicants for employment, guests or customers will not be tolerated. Sexual harassment includes unwelcome sexual advances, requests for sexual favors, and other verbal, visual, or physical conduct of a sexual nature. Sexual harassment also includes, but is not limited to, unwelcome sexual flirtations, advances or propositions, verbal abuse of a sexual nature, subtle pressure or requests for sexual activities, unnecessary touching of an individual, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, a workplace display of sexually suggestive objects or pictures, sexually explicit or offensive jokes, or physical assault.

No Goody's Director, Officer or Associate shall threaten or insinuate, either explicitly or implicitly, that an Associate's or applicant's refusal to submit to sexual advances will adversely affect that person's employment, work status, performance evaluation, wages, advancement, assigned duties, shifts, or any other condition of employment or career development. Similarly, no Director, Officer or Associate shall promise, imply, or grant any preferential treatment in connection with another Associate or applicant engaging in sexual conduct.

Any Associate who feels that he or she is a victim of sexual harassment should bring the matter to the immediate attention of a member of Human Resource management, the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company who shall promptly notify Human Resource Management. Human Resource Management, in conjunction with Goody's General Counsel, will promptly investigate all allegations of sexual harassment as confidentially as possible.

Following an investigation, any Associate who is determined to have engaged in sexual harassment in violation of this policy will be subject to appropriate action, up to and including termination.

III. BUSINESS CONDUCT

A. **Providing Gifts and Entertainment.** Gifts, favors, entertainment, or services of any kind may not be provided by or on behalf of Goody's to a customer, supplier, government employee or other person or organization, unless all of the following criteria are met: (i) it is reasonable, infrequent and not excessive; (ii) it cannot, in the surrounding circumstances, be reasonably construed as a bribe, payoff or kickback; (iii) public disclosure of it would not embarrass Goody's; (iv) the item is consistent with the normal and accepted business ethics of the country in which it is provided (see Foreign Corrupt Practices Act); and (v) it does not violate the laws of the United States or the country in which it is provided.

   In no circumstances may gifts be made of cash or cash equivalents (such as stock certificates or bonds). Gift certificates, however, may be given if they are reasonable, comply with the above criteria and are properly documented and approved in writing by the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company.

B. **Payments to Customers or Vendors.** No effort may be made, directly or indirectly, to influence improperly a Goody's customer or vendor. The payment of bribes, payoffs, kickbacks or other benefits that may improperly influence business relationships between Goody's and its customers or vendors is prohibited. Such conduct is illegal and may violate state and federal criminal laws.

C. **Political Contributions.** No corporate funds, merchandise or service may be paid or furnished, directly or indirectly, to a political party, committee, organization or to a political candidate or incumbent, except if legally permissible and if co-approved in advance in writing by the Chief Executive Officer and the President, if any, or the Chief Executive Officer and an Executive Vice President of the Company. No political contributions by individual Associates may be made in the name of Goody's or be reimbursed by the Company, directly or indirectly.

D. **Payments to Government Officials or Associates.** Corporate funds or other assets may not be paid or furnished, directly or indirectly, to a government official, government Associate or politician for the purpose of obtaining or maintaining business on behalf of Goody's. Such conduct is illegal and may violate state and federal criminal laws. Assistance or entertainment provided to any government agency or official should never, in form or substance, compromise the Company's arm-length business relationship with the government agency or official involved.

E. **Accounting Procedures and Documentation.** All transactions must be accurately recorded in a timely manner on Goody's books and records. The recording and reporting of transactions and financial balances will be in accordance with generally accepted accounting principles ("GAAP"). No unrecorded bank accounts, corporate funds or assets may be maintained. No entry may intentionally distort or disguise the true nature of any transaction. Corporate funds may not be paid with the intent or understanding that any part of such payment is to be used for a purpose other than that described by the documents supporting such payment. To the extent included in their job duties, Officers and Associates are expected to assist Goody's in maintaining its system of internal accounting controls that will provide reasonable assurances to management that all transactions are properly recorded.

F. **Undue Influence of External Auditors** No Director or Officer or any other person acting under their direction shall take any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Company.

G. **Marketing.** Marketing practices should emphasize quality products at competitive prices.

H. **Negative Comments.** Goody's Directors, Officers and Associates should not falsely disparage or make unfair negative comments about its competitors or their products and services. Negative public statements concerning the conduct or performance of an ex-Associate of Goody's should be avoided.

I. **Compliance with Laws, Rules and Regulations.** The policy of the Company requires compliance with all laws, rules and regulations applicable in the country, state and local jurisdiction where Company business is conducted. An Director, Officer or Associate must not take any action on behalf of the Company that such Director, Officer or Associate knows or reasonably should have known violates the letter or spirit of any law, rule or regulation.

IV. SPECIAL ETHICS OBLIGATIONS WITH RESPECT TO FINANCIAL REPORTING

The policy of the Company requires the Company's Senior Financial Officers, i.e., the Chief Executive Officer, Chief Financial Officer and the Chief Accounting Officer or persons performing similar roles to provide full, fair and accurate, timely and understandable disclosure in the reports and documents filed or submitted by Goody's to the Securities and Exchange Commission (the "SEC") and in other public communications made by Goody's.

To meet this standard, this Code also requires Directors, Officers and Associates to comply with the Company's disclosure controls and procedures. These controls and procedures are intended to ensure, among other things, that all necessary disclosures are made in the Company's periodic quarterly and annual reports filed with the SEC, and that any other material disclosures are made consistent with the SEC's Form 8-K rules.

Depending on their position with Goody's, Associates may be called upon to provide information to assure that Goody's public reports are accurate, timely, complete, fair and understandable. Goody's expects all of its personnel to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

The Senior Financial Officers bear a special responsibility for promoting integrity throughout the organization, with responsibilities to shareholders both inside and outside of Goody's. The Senior Financial Officers have a special role both to adhere to these principles themselves and also to ensure that a culture exists throughout the Company as a whole that ensures the fair and timely reporting of Goody's financial results and condition.

Because of this special role, the Senior Financial Officers are bound by the following Financial Officer Code of Ethics, and by accepting this Financial Officer Code of Ethics, each agrees that he or she will:

- Act with honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships;
- Provide information that is accurate, complete, objective, relevant, timely and understandable to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that Goody's files with, or submits to, government agencies and in other public communications;
- Comply with rules and regulations of federal, state, provincial and local governments, and other appropriate private and public regulatory agencies;
- Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated;
- Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage;
- Share knowledge and maintain skills important and relevant to shareholder's needs;
- Proactively promote and be an example of ethical behavior as a responsible partner among peers, in the work environment and the community;
- Achieve responsible use of and control over all assets and resources employed or entrusted; and
- Promptly report to the Company's General Counsel and/or the Chairman of the Audit Committee any conduct that the individual believes to be a violation of law or business ethics or of any provision of the Financial Officer Code of Ethics, including any transaction or relationship that reasonably could be expected to give rise to such a conflict.

V. CONFLICT OF INTEREST

The Company's Directors, Officers and Associates have an obligation to be loyal to the best interests of the Company. They should make appropriate effort to identify actual or potential conflicts of interest between Company interests and their personal or professional relationships and to bring such conflicts to the attention of the General Counsel. Directors, Officers and Associates should not have any personal, financial or other business relationship with suppliers, customers or competitors that might impair, or even appear to impair, the independence of any judgment they may need to make on behalf of the Company. If a Director, Officer or Associate is aware of a conflict of interest, or is concerned that one might develop, he or she should discuss the matter with the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company.

Directors have a special responsibility because our Directors are prominent individuals with substantial other responsibilities. To avoid conflicts of interest, Directors are expected to disclose to their fellow Directors any personal interest they may have in any matter which the Board passes and to recuse themselves from participation in any decision in which there is a conflict between their personal interests and the interest of Goody's.

A. **Gifts and Entertainment.** No Director, Officer or Associate may accept a gift, favor or entertainment from a customer, vendor or other person or organization in connection with Goody's business unless all of the following criteria are met: (i) it is reasonable, infrequent and not excessive; (ii) it cannot, in the surrounding circumstances, be reasonably construed as an inducement, bribe, payoff or kickback; (iii) public disclosure of it would not embarrass Goody's; (iv) the item is consistent with normal and accepted business courtesies of the country in which it is provided (see Foreign Corrupt Practices Act); and (v) it does not violate the laws of the United States or the country in which it is provided.

In no circumstances may gifts of cash or cash equivalents be accepted.

Note:

1. Tickets to concerts, sporting events, shows, and fund raising events may be accepted by Directors, Officers and Associates and are generally not considered gifts, but must be reasonable and are subject to the above criteria. Tickets may not be used for resale.

2. Trips and symposiums offered by customers or suppliers may be attended by Directors, Officers and Associates, if such are offered in the context of a group session with other similar suppliers or purchasers in attendance as guests, are reasonable and meet the above criteria, and are approved in advance by the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company.

B. **Acting Against Goody's Interest.** A Director, Officer or Associate may not divert a business or financial opportunity to his or her benefit. This situation can occur when an Director, Officer or Associate becomes aware, through the use of Corporate property, information or position, of an opportunity to acquire or profit from a business opportunity or investment that the Company may have an interest in pursuing. In such situation, the Director, Officer or Associate should disclose the relevant facts to the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company. If the Company is not interested in pursuing the opportunity and no objection is expressed, the person may then take advantage of the opportunity.

C. **Outside Employment.** Without the consent of the Chief Executive Officer, the President, if any, an Executive Vice President or Senior Vice President of the Company, an Officer or Associate may not engage in employment or consulting arrangements outside Goody's if such employment or arrangement (1) may constitute an actual or potential conflict of interest, or (2) interferes with the Officer's or Associate's assigned duties with Goody's. Examples of such interference include outside employment that requires the use of Goody's time or facilities or impairs the Officer's or Associate's ability to give full attention to his or her position with Goody's during scheduled working hours. If you have any questions or concerns with the appropriateness of a certain situation, consult with the Company's Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company prior to taking any action.

D. **Outside Directorships and Investments.** A Director, Officer or Associate serving as a director of, or having a material business or financial interest in, a firm having current or prospective dealings with Goody's (such as a competitor, customer, vendor, landlord, tenant, or merger/acquisition candidate) must immediately disclose that fact in writing to the Company's General Counsel or the Board so that it may be determined whether the situation presents a conflict of interest. The business or financial interests of members of an Officer's, Director's or Associate's family living with the Director, Officer or Associate also shall be considered in the financial interests of such person. Any subsequent approval to continue or engage in such outside Directorship or investment must be made in writing. The Company will presume that ownership of not more than one percent (1%) of a publicly traded company's securities (other than Goody's) does not involve a conflict of interest and need not be disclosed.

E. **Government Service.** Individual participation in political activities or service in government positions outside of normal business hours is a personal matter, as long as such activities or services do not present a conflict of interest. Any Officer or Associate wishing to be a candidate for public office, whether elective or appointive, must request the prior written approval of the Company's General Counsel. A Director, Officer or Associate holding a government office should abstain from any governmental vote or decision that involves or may involve Goody's interest.

VI. FOREIGN CORRUPT PRACTICES ACT; INTERNATIONAL BOYCOTTS

A. **Foreign Corrupt Practices Act.** The Foreign Corrupt Practices Act (the "FCPA") prohibits companies from paying or offering to pay anything of value to any non-U.S. government official, government employee, political party or political candidate to obtain or retain business or to influence a person working in an official capacity.

The FCPA does not prohibit tips or gratuities of nominal amounts to lower level non-U.S. government employees to ensure they perform their routine duties (such as issuing of visas or custom documents) in a prompt and proper way. However, such payments are discouraged, but if absolutely necessary should be made only after consultation with the Company's General Counsel.

B. **International Boycotts.** Several United States laws prohibit cooperation with certain international country boycotts. Penalties apply even for failure to report promptly any requests for boycott-related information or action. The boycott laws are extremely complex, and any request received by Goody's that could possibly fall within the context of a boycott law (such as a request to refrain from doing business in a particular country) should be brought to the immediate attention of the Company's General Counsel before any response is made to the request.

VII. IMPROPER TRADING IN SECURITIES

A. **General.** The “insider trading” provisions of the securities laws prohibit the trading of securities (including puts, calls, options or other rights to buy or sell) based upon material, non-public information. Violations of these laws could result in severe penalties – including fines and imprisonment – and damage to Goody's good name and reputation.

Directors, Officers and Associates of Goody’s are prohibited from trading in, recommending, or engaging in any communication about the Company’s stock or the securities of a company with a relationship with Goody’s (for example, a supplier or the subject of an acquisition) based on material non-public information. This prohibition includes disclosure of material non-public information to a relative, friend or acquaintance. Material non-public information should be broadly interpreted to include any information - whether positive or negative - that, if publicly disclosed, might have an effect on the trading price of the Company's stock, or that an investor might consider important in deciding whether to buy, sell, or hold the stock. Such information includes, for example, non-public information on Company earnings, sales and margins, significant gains or losses, projections, or the hiring, firing, or resignation of a Director, Chief Executive Officer, President, if any, or Executive Vice President of the Company.

The most dangerous time to engage in a purchase or sale Company's stock would be shortly in advance of the public release by the Company of important information, such as the monthly release of comparable store sales, quarterly or year-end earnings or financial results or other important news. The safest time to buy or sell Company stock would be the period shortly following the release and publication of such information (always assuming that the person is not aware of other undisclosed material information such as a material trend in sales performance subsequent to the reporting period). However, even after a company has released such information, it is important to be sure that sufficient time has elapsed to enable the information to be disseminated to and considered by investors. If there is any question about the compliance with this policy, the Director, Officer or Associate must consult the Company's General Counsel or Chief Financial Officer before transacting a trade.

B. **Participants in Stock Option Plan or Employee Payroll Investment Plan.** An option-holder can exercise and hold shares at any time and participants in the Company's Employee Payroll Investment Plan ("PIP") need not be concerned about purchases made under the PIP. However, participants in such plans cannot sell such option shares or shares acquired through the PIP while in the possession of material non-public information, most notably sales, margin, earnings or financial information that has not yet been disclosed to the public.

C. **Directors, Officers and Associates with Access to Sales and Margin Information**. Directors, Officers and Associates (including those recently terminated) that have access to sales and margin information (directly or indirectly) must obtain approval pursuant to procedures established from time to time by the Company and posted on the Company's intranet (GNN) prior to buying or selling shares of Company stock. The requirement to obtain approval in advance of trading also applies to those Officers and Associates who obtain sales or margin information through discussion with another Officer or Associate or through inadvertently seeing or overhearing sales or margin information. Officers and Associates with access to sales and margin information shall use their best efforts to refrain from sharing such information with other Officers and Associates. To the extent that it is necessary to share such information with other Officers and Associates for business purposes, the Officer or Associate who shares the information shall remind the recipient that the receipt of such information requires that he or she must obtain approval prior to buying or selling shares of Company stock as described herein until the release and publication of such information. The requirement to obtain approval applies to all trades in Goody's common stock, including, without limitation, the sale of option shares or shares acquired pursuant to the PIP.

VIII. CONFIDENTIAL AND PROPRIETARY INFORMATION

The Company considers much of its business and financial information to be proprietary and, in most cases, confidential. This information includes technical information such as computer programs and databases as well as business information related to sales, earnings, forecasts, relationships with suppliers, marketing strategies, training materials, plans for acquisitions or divestitures, and records and other information of a similar nature. Directors, Officers and Associates must maintain the confidentiality of, and protect the Company's proprietary interest in, such information. Care must be taken to safeguard and maintain the confidentiality of confidential information. All proprietary information is owned by the Company and considered a valuable asset, and as such must not be shared or disclosed with anyone outside the Company without the express prior consent of the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company.

During the employment or service as a Goody's Director, Officer or Associate, any information, knowledge, data or property that has been obtained or developed as a Goody's Director, Officer or Associate concerning Goody's business is the proprietary property of Goody's. Upon termination of employment with or service as a Director, Officer or Associate of the Company, for any reason, all Company property must be returned to Goody's.

IX. COMMUNICATION WITH THE MEDIA, GOVERNMENTAL AGENCIES AND OTHERS

All inquiries from securities analysts or investors must be directed to Goody's Chief Financial Officer. If a Director, Officer or Associate receives an inquiry from a governmental or regulatory agency on matters outside their area of responsibility or on legislative issues, such inquiries should be directed to Goody's General Counsel. General inquiries from the media should be directed to Goody's Corporate Communications Department.

X. ANTITRUST LAWS

A. **Overview.** Federal and state antitrust laws prohibit restraints of trade and monopolies. These laws are based on the premise that open competition in a free marketplace will lead to appropriate prices and promote an efficient, productive economy. Agreements among competitors with respect to prices and other terms and conditions of sale may be unlawful "per se," that is, they may be considered to be illegal without regard to the business purpose for that agreement. To be unlawful, there does not necessarily have to be a formal agreement. Informal, oral agreements and understandings have been found to be agreements prohibited by the antitrust laws.

B. **Specific Practices Prohibited by the Antitrust Laws**

1. **Price Fixing.** Agreements between competitors to raise, lower or stabilize prices, or to otherwise fix prices, may be unlawful per se. Negotiations and agreements between buyer and seller or between supplier and customer that are part of a bona fide transaction do not violate the antitrust laws. Agreements setting or restricting the prices at which a purchaser may resell can involve a violation of the prohibition against price-fixing.

2. **Market Division.** Agreements among competitors to allocate markets, customers or business opportunities likely will violate the antitrust laws.

3. **Group Boycotts/Concerted Refusals to Deal.** The antitrust laws permit a company, acting alone, to select the persons with whom it will and will not do business. However, when two or more companies jointly refuse to do business with another person, that agreement may violate the antitrust laws.

4. **Monopolization and Attempts and Conspiracies to Monopolize.** The antitrust laws prohibit monopolizing (or attempting or conspiring to monopolize) the market for a particular product. Defining a product market for purposes of the antitrust laws is a complex issue. Merely possessing significant market power or market share is not illegal; a violation may occur, however, when a person with monopoly or near-monopoly power engages in unfair or predatory conduct with the purpose or effect of maintaining or increasing that market power.

5. **Tying.** A tying arrangement is an agreement by a party to sell one product or service but only on the condition that the buyer also purchase a different product or service. Such an arrangement may violate the antitrust laws, and may be unlawful per se.

6. **Reciprocity.** It also may violate the antitrust laws for a buyer to condition his or her purchases from another person on that person making purchases from the first person. It is not unlawful, however for a person to transact business with a present or potential customer, even if done for the purpose of inducing that customer to transact other business. What can make the conduct unlawful is the attempt to coerce the customer to engage in reciprocal business.

7. **Restrictions on Resale.** Restrictions on resale raise antitrust concerns. Restrictions, particularly those that relate to price terms, may be illegal.

C. **Enforcement of the Antitrust Laws.** The above practices do not exhaust the reach of the antitrust laws. This area is extremely complex and subject to differing factual analysis. The costs and consequences of investigation or litigation in this area can be significant. Their violation could expose you, and perhaps the Company, to criminal penalties. If you have questions about antitrust compliance, contact Goody's General Counsel.

XI. ALCOHOLIC BEVERAGES AND DRUG MISUSE; WEAPONS

The use, sale or purchase of alcoholic beverages and the possession, use, sale or purchase of non-prescribed controlled substances by Associates is prohibited at all times during working hours and on the Company's premises. The possession of weapons of any kind by any person (other than law enforcement officers) is prohibited on Company premises at all times.

XII. IMPLEMENTATION AND MONITORING

Every Director, Officer and Associate is responsible for ensuring that their behavior and actions are in compliance with this Code. Management has an additional responsibility to monitor their staff's compliance with the Code. Written certification concerning compliance with the Code may be periodically required from Directors, Officers and those Associates so designated by the Chief Executive Officer, President, if any, and/or Chief Financial Officer of Goody's.

As no policy can cover all potential topics, this Code may be supplemented from time to time. In addition, Goody's may periodically circulate notices reminding all Associates of their obligations under this Code.

In order to ensure that violations of this Code do not result in harm to the Company or its Associates, it is essential that management of the Company be aware of such violations. Therefore, Associates are encouraged to discuss with any member of management any concerns they may have related to the interpretation and application of this Code. Any actual or contemplated conduct that an Director, Officer or Associate discovers and which he or she reasonably believes may constitute a violation of this Code must be promptly reported to the Chief Executive Officer, the President, if any, an Executive Vice President or a Senior Vice President of the Company. An Associate may instead contact Goody's Alertline at (800) 932-5378 to anonymously report any such conduct. Goody's will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith.

If Goody's receives information regarding an alleged violation of this Code, then the appropriate executive (and in the case of an alleged violation by an Officer or Director, Goody's General Counsel) shall: (1) evaluate such information as to gravity and credibility; (2) if necessary, initiate an informal inquiry or a formal investigation with respect thereto; (3) if appropriate, prepare a written report of the results of such inquiry or investigation, including recommendations as to the disposition of such matter; (4) if appropriate, make the results of such inquiry or investigation available to the public (including disciplinary action); (5) if appropriate, recommend changes to this Code that Goody's deems necessary or desirable to prevent similar violations of this Code and (6) if such a violation relates to conduct by an Officer or Director, advise the Chairman of the Audit Committee or the Chairman of the Nominating and Corporate Governance Committee, as appropriate, who may determine to oversee any such informal inquiry or formal investigation.

Goody's Chief Executive Officer, President, if any, Executive Vice Presidents and Senior Vice Presidents of the Company, and in the case of a violation by an Officer or Director, Goody's General Counsel, will have primary authority and responsibility for the enforcement of this Code, subject to the supervision of the Board or a committee of the Board that it may designate, or, in the case of accounting, internal accounting controls or auditing matters, the Audit Committee, and Goody's will devote the necessary resources to enable the Chief Executive Officer, the President, if any, the Executive Vice Presidents and a Senior Vice Presidents of the Company to establish such procedures as may be reasonably necessary to create a culture of accountability and facilitate compliance with this Code.

XIII. ENFORCEMENT

Violation of this Code may result in disciplinary action including counseling, oral or written disciplinary action, warnings, suspensions (with or without pay), demotions, reductions in salary, terminations of employment, and restitution. Legal proceedings may also be commenced, if necessary, to recover the amount of any improper expenditures, any profits realized by the offending Director, Officer or Associate, and any financial detriment sustained by Goody's. In appropriate circumstances, violations of this Code will be reported to the applicable authority.

XIV. WAIVERS AND AMENDMENTS

Any waivers of the provisions in this Code with respect to Senior Financial Officers, executive Officers or Directors may only be granted by the Board of Directors. Any amendment or waiver of this Code that applies to the Company's executive Officers or Directors, if required by SEC rules or regulations or applicable listing standards, shall be disclosed in a Form 8-K filed by the Company, or posted on the Company's Internet website, as required.

XV. PERSONS COVERED

This Code applies to all Directors, Officers and Associates of Goody's. With regard to personal securities trading and certain other matters described in this Code, the Code also applies to spouses, family members and others who live in their households. In particular, Goody's Directors, Officers and Associates may not do indirectly through a family member what they cannot do directly. Therefore, all references in the Code to Goody's Directors, Officers and Associates include such individuals as well as where appropriate, their immediate families.

XVI. GENERAL

This Code is a corporate statement of policy, the contents of which may be modified, substituted or altered at any time by the Company. This Code is not intended to create a contract of employment or to alter the employment relationship that exists between Officers or Associates and the Company.