

**LIZ CLAIBORNE, INC. CORPORATE GOVERNANCE GUIDELINES**  
**(as amended as of January 24, 2006)**

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Liz Claiborne, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines are the most recent version of the Guidelines originally adopted in 1995. The Guidelines are not intended to change or interpret any applicable rule, law or regulation, including the Delaware General Corporation Law, the rules of the New York Stock Exchange, or the Company’s Certificate of Incorporation or By-laws. These Guidelines are subject to modification by the Board from time to time.

**BOARD MEMBERSHIP**

Board Membership Criteria

In seeking new Director candidates, and in evaluating incumbent Directors, the overarching criterion shall continue to be the ability to fulfill a Director's fiduciary duties in the best interests of the Company and all of its shareholders. In this spirit, Directors should have:

- Unquestioned integrity, strength of character, vision, imagination and loyalty to the Company and its shareholders
- Practical and mature judgment, with ability to evaluate and appraise objectively the Company’s strategies and financial position and fulfill the role of fiduciary oversight
- Substantial business experience, with practical application to the Company’s needs
- Willingness and ability to make a significant commitment of time and attention to the Board’s processes and affairs, including meetings and preparation
- Ability to work with fellow Directors as members of a collegial group, without necessarily always agreeing with them
- Absence of conflicts of interest that would interfere with Board service
- Commitment to having a meaningful, long-term equity ownership stake in the Company; in this connection the Board has adopted a policy expressing the expectation that each Director shall, over a reasonable period of time, accumulate a holding of Company shares having a value equal to three times (3x) the value of the annual Board stock retainer

Responsibilities of Directors

The Board believes that the primary responsibilities of Directors are to exercise their business judgment in good faith and to act in what they reasonably believe is in the best interests of the Company and all of its shareholders. Directors must fulfill their responsibilities consistent with their fiduciary duty to shareholders, in compliance with all applicable laws, rules and regulations. Directors shall be entitled to rely in good faith on the honesty and integrity of the Company’s

senior executives and its outside advisors and auditors. The Directors shall be entitled to have the Company purchase directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law, and to exculpation as provided by state law and the Company's Certificate of Incorporation.

Directors are expected to prepare for, attend regularly and participate actively and constructively at meetings of the Board and its Committees. Directors are expected to attend the annual meeting of stockholders except in the event of exigent circumstances. Directors are expected to review the material that is distributed in advance of any Board or Committee meeting.

Directors are expected to become and remain informed about the Company's business, performance, operations and management; general business, industry and economic trends affecting the Company; and principles and practices of sound corporate governance.

A Director will not participate in the discussion of or decision on any matter in which he or she has a personal, business or professional interest other than his or her interest as a shareholder of the Company. Directors shall promptly inform the Chair of the Nominating and Governance Committee regarding any actual or potential conflict of interest. All Directors are expected to comply with the Company's policies and code of ethics, including with respect to conflicts of interest.

#### Size of the Board

The Board believes that its tradition of being a relatively small "working" group leads to meaningful participation by all Directors in the Board's discussions and decision making processes, and should be continued.

The current view is that the optimal size of the Company's Board is between 9 and 12 Directors, the exact number to be dependent on the availability of outstanding candidates.

#### "Independence" of Directors

A substantial majority of the Directors shall be "independent," as that term is defined from time to time under the listing standards of the New York Stock Exchange and determined as provided for in these Guidelines. As required by such listing standards, in assessing independence, the Board shall make a determination whether a Director or any member of his or her immediate family has any material relationship with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company. In making a determination regarding a Director's independence, the Board shall consider all relevant facts and circumstances, including the Director's commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships, and such other criteria as the Board may determine from time to time.

#### Selection of New Director Candidates; Director Orientation

The Board is itself responsible for selecting its own members. The Nominating and Governance Committee acts as the nominating committee and is responsible to make recommendations regarding Director candidates and nominees.

The Board is committed to maintaining the Company's tradition of inclusion and diversity within the Board, and confirms that the Company's policy of non-discrimination based on sex, sexual

preference, race, religion or national origin applies in the selection of Directors.

Company shareholders may propose Director nominees through procedures set out in the Company's Certificate of Incorporation. The process to be followed is stated in the Company's annual proxy statement. In addition, the Nominating and Governance Committee will consider Director nominees proposed by shareholders that comply with procedural requirements that may be communicated to shareholders from time to time.

A profile/criteria will be developed in advance of each new Director search, with the goal of balancing expertise/experience in light of the then current mix of Directors. The Nominating and Governance Committee will continue to seek ongoing input from the Chief Executive Officer and incumbent Directors, with the goal of identifying and informally approaching possible Director candidates in advance of actual need.

The Secretary of the Company shall arrange for orientation sessions for newly elected Directors, including briefings by senior managers, to familiarize new Directors with the Company's overall business and operations, strategic plans and goals, financial statements, accounting and risk management issues, and key policies and practices, including corporate governance matters.

The Board shall itself determine in each case the manner by which an invitation to join the Board shall be extended.

#### Director Elections

In an uncontested election, any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation to the Chair of the Nominating and Governance Committee following certification of the shareholder vote.

The Nominating and Governance Committee shall promptly consider the resignation and recommend to the Board whether to accept the resignation or reject it. In considering whether to accept or reject the resignation, the Nominating and Governance Committee may consider all factors deemed relevant by such Committee, including, without limitation, any stated reasons why shareholders withheld votes from such Director, the length of service and qualifications of the Director, the Director's contributions to the Company and the Company's Corporate Governance guidelines.

The Board will act on the Nominating and Governance Committee's recommendation within 90 days following certification of the shareholder vote. In considering the matter, the Board will consider the factors considered by the Nominating and Governance Committee and such additional information and factors the Board believes to be relevant. Following the Board's decision, the Board will promptly publicly disclose the Board's decision whether to accept or reject the Director's resignation as tendered (providing an explanation of the process by which the decision was made and if applicable the reasons for rejecting the tendered resignation).

To the extent that one or more such resignations are accepted by the Board, the Nominating and Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or reduce the size of the Board.

Any Director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. However, if a majority of the members of the Nominating and

Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote (or who were not standing for election) shall appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and recommend to the Board whether to accept or reject them.

#### Term Limits

The Board does not believe that term limits for Directors are necessary or appropriate at the present time, especially in light of its requirement that Directors' effectiveness be evaluated on a periodic basis.

#### Other Directorships

The Board will consider other commitments, including board service, in assessing each Director's and potential candidate's ability to serve on the Board and fulfill his or her responsibilities. Each Director is expected to notify the Chairman and the Chairperson of the Nominating and Governance Committee in advance of accepting an invitation to serve as a member of another public company board of directors.

#### Retirement Age

Directors shall retire at the Annual Meeting next following the Director's 72nd birthday.

#### Former Chairman/Chief Executive Officer's Board Membership

The Board will consider on a case-by-case basis whether a retiring Chairman/Chief Executive Officer should be invited to remain on as a Director past his or her then current term.

#### Directors Who Change Their Present Job Responsibility

If a Director's primary job/responsibility changes, that Director is expected to offer his or her resignation as a Board member, thereby giving the Board an opportunity to review the appropriateness of continued Board tenure.

#### Director Education

Appropriate education opportunities shall be made available for Directors in areas such as corporate governance, financial reporting and executive compensation and in other areas of interest or concern to the Board.

## **BOARD ORGANIZATION AND OPERATIONS**

#### Selection of Chairman and Chief Executive Officer

The Board does not believe that mandating any single structure regarding the separation of the roles of Chairman and Chief Executive Officer is necessary or appropriate. The Board reserves to itself the right to determine the appropriate leadership structure for the Board on a case-by-case basis, taking into account at any particular time the Board's assessment of its and the Company's needs, as well as the people and situation involved.

### Executive Sessions of Outside Directors

It shall continue to be the policy of the Board that the non-management Directors (or Outside Directors) shall meet in executive session (i.e., without management present) at each regular meeting, as well as when they as a group deem such meeting necessary or appropriate. The Chair of the Nominating and Governance Committee shall preside at such sessions; in the absence of such person, the Outside Directors present will select another Committee chair to preside at such session. The Director who presides at these executive sessions will be disclosed in the annual proxy statement. If the group of Outside Directors includes any Directors who are not “independent” (as such term is defined from time to time under the listing standards of the New York Stock Exchange and determined as provided for in these Guidelines), an executive session of the independent Directors shall be scheduled at least once per year.

### Frequency and Length of Meetings

The Board's current schedule of six regular Board meetings per year appears appropriate at the present time. One of the Board's meetings each year, preferably the one at which management's strategic plan is formally presented and/or reviewed, should continue to be held at an “off campus” site; this meeting is in the nature of a “Board retreat” and should run for a full day, preceded by a Directors’ dinner.

The practice of convening a Directors’ dinner in advance of certain Board meetings is encouraged, as is the scheduling of periodic Director/management sessions.

### Selection of Agenda Items for Board Meetings

Although Board agendas are primarily the responsibility of the Chairman, it shall continue to be the Board’s policy that Directors are encouraged to request at any time that relevant items be placed on the Board's agenda.

### Board Materials Distributed in Advance

It shall continue to be the policy of the Board that all Directors are entitled to be fully informed in advance of all major proposals, in order that they have the opportunity to make a meaningful and deliberate contribution to the decision making process. As a general rule, Directors should continue to receive supporting documentation with respect to significant agenda items in advance of Board or Committee meetings, so that meeting time may be conserved and discussion time will be focused on questions which the Board or Committee may have on the subject matter. Directors are expected to review in advance the materials sent to them before each Board and Committee meeting.

The current practice of circulating a basic informational packet (containing operating and financial data along with management commentary, as well as relevant press and analyst reports) together with special presentation materials in advance of each meeting should be continued. The type of information circulated, as well as its presentation, is subject to ongoing input from all Directors.

### Presentations

Although management presentations are often useful, meeting time should continue to be kept available for a full discussion of issues which need to be addressed.

### Regular Attendance of Non-Directors at Board Meetings

As a general rule, in light of its tradition as a “working” Board, the Board believes that invitees to Board meetings should continue to be limited so as not to inhibit a full and free discussion of issues. Management is encouraged to continue to invite, from time to time, Company executives to attend portions of Board meetings, where they can provide valuable insight into particular issues and/or where it is believed that such executives have future potential and should be given exposure to, and the opportunity to interact with, the Board.

The Board is comfortable with the current practice of inviting certain non-Directors to meetings, together with Company executives, from time to time to make presentations. Should the Chairman wish to add additional invitees on a regular basis, it is expected that this suggestion be submitted to the full Board for its concurrence.

### Board Compensation

In order to attract and maintain a qualified Board, the Company seeks to set Director compensation levels on a competitive basis. Each Director acting as Chair of a Committee shall receive an additional stipend for such service. The Board believes that continuing to pay a portion of the Directors' annual retainer in shares of Company stock is appropriate.

The Nominating and Governance Committee shall periodically review the Directors' compensation package in light of the compensation paid by similarly situated companies as well as the time commitments required of the Board, and shall report to the full Board as to competitiveness and recommendations.

### Board Access to Management and Advisors

The Outside Directors shall continue to have complete access to the executives of the Company, without senior corporate management present.

The Outside Directors shall continue to have complete access to the Company's outside advisors, with the ability to hire their own at the Company's expense, without the need to obtain the approval of management.

### Board and Committee Evaluations

The Nominating and Governance Committee shall continue to oversee reviews of Board and Committee performance and effectiveness. Such reviews shall be conducted, and reviewed by the full Board, annually.

### Formal Evaluation of the Chief Executive Officer

The Nominating and Governance Committee, together with the Compensation Committee, shall oversee the annual performance review of the Company's Chief Executive Officer in accordance with a forward agenda to be determined annually, and the full Board will review and discuss the results of such review. The scope, format and criteria of such reviews shall be determined in consultation with the Board as a whole.

### Succession Planning

At the present time, the Board believes that planning for corporate succession, including in the event of an emergency or the retirement of the Chief Executive Officer, is the responsibility of the full Board. This topic shall be discussed at the executive sessions of the Outside Directors, and, as such group determines, at full Board meetings. The Chief Executive Officer should make available to the Board his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

### Management Development

At the present time, the Board believes that planning for management development is the responsibility of the full Board. The forward calendar of the Board shall require that this topic be placed at least annually on the Board's agenda; it shall also be a topic for discussion at the executive sessions of the Outside Directors.

### Board Interaction With Shareholders and Interested Parties

As a general rule, the Chairman, Chief Executive Officer and management speak for the Company, with responsibility for maintaining open communication with shareholders and other constituencies.

The Board will establish, and periodically review, processes by which shareholders and other interested parties may communicate with the Board, the Outside Directors as a group, or individual Directors, including the Chair of the Nominating and Governance Committee.

## **BOARD COMMITTEES**

### Committees

The Board has established four Committees: Audit; Compensation; Nominating and Governance (formerly the Committee on Directors); and Finance, each with its own charter. Each Committee charter sets forth the purposes, goals, and responsibilities of the Committee as well as qualifications for Committee membership, procedures for Committee member appointment and removal, Committee structure and operations and Committee reporting to the Board. Each charter also provides for an annual performance evaluation of the Committee. The Audit, Compensation and Nominating and Governance Committees shall be composed solely of Directors who are "independent" (as such term is defined from time to time under the listing standards of the New York Stock Exchange and determined as provided for in these Guidelines). The Finance Committee shall be composed solely of non-management Directors. The members of the Audit Committee shall also satisfy any additional requirements with respect to independence as provided for under the listing standards of the New York Stock Exchange and the rules and regulations under the Securities Exchange Act of 1934, and meet such additional requirements as are provided from time to time in the Charter of such Committee.

The Board may establish such additional committees that the Board may deem necessary and appropriate from time to time.

### Committee Chairs and Agendas

The Nominating and Governance Committee shall recommend to the Board the appointment of a Chair of each Committee (other than the Nominating and Governance Committee, whose Chair will be selected by the Board), to be responsible for calling and chairing meetings and ensuring

the Committee's forward agenda is compiled and adhered to. Each Committee should seek to formulate a forward agenda for each year, which should be circulated for comment.

#### Assignment of Committee Members

The Nominating and Governance Committee shall annually review the make-up and effectiveness of each Board Committee, as well as Committee Chairs, and make its recommendations as to assignment of Committee members and Chairs to the full Board.