



Contact: David G. Peek
Chief Financial Officer
865.966.2000

For Immediate Release

GOODY'S ANNOUNCES \$65 MILLION INVESTOR FUNDING

KNOXVILLE, Tenn. (January 16, 2008) – Goody's Family Clothing, Inc. announced today that it received a \$65 million capital infusion from its existing sponsor, an entity affiliated with Prentice Capital Management LP. In connection with this new investment, the Company also renegotiated its \$235 million asset based revolver with The CIT Group/ Business Credit, Inc. and GMAC Commercial Finance LLC (each a Co-Lead Arranger), GB Merchant Partners, LLC and a consortium of other banks, the enhanced terms of which provide the Company with additional liquidity. The capital infusion from the sponsor consists of collateralized debt which is junior to the bank debt, and senior to other debts of the Company. These new lending arrangements provide the Company with adequate capital to execute its business strategies for the foreseeable future.

According to Chuck Turlinski, Goody's Chief Executive Officer, "2007 proved to be a challenging year, yet one that presented many new opportunities. The development of several new business initiatives during 2007 should provide substantial financial rewards in 2008."

Notable new business initiatives for 2007 included a successful launch of the new *Ashley Judd* clothing line in selected stores and the introduction of a new assortment of accessories, both well received by the Company's customer base. Goody's has also made substantial investments in system improvements. The installation and rollout of Profit Logic™ has increased markdown disciplines and has aided Goody's in achieving the lowest seasonal inventory carryover in the Company's history. The Stores Division established a test market to evaluate best practices within various business groups. These locations continue to outperform non-test stores. The proven best practices will be rolled out to the chain in 2008.

"We are excited about our plans for the future. The ongoing enhancements of these programs, as well as our strong partnerships with our investors, vendor partners and bankers, are key elements in achieving our 2008 financial goals," added Turlinski.

With headquarters in Knoxville, Tennessee, Goody's is a retailer of moderately priced family apparel operating 383 stores in the 21 states of Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, Louisiana, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

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