

**CHARTER OF THE
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS OF AMERICAN APPAREL, INC.
AS ADOPTED BY THE BOARD ON APRIL 28, 2008**

I. AUTHORITY

The Nominating and Corporate Governance Committee (the "Committee") of the Board of Directors (the "Board") of American Apparel, Inc. (the "Corporation") is established pursuant to Article III, Section 10 of the Corporation's Amended and Restated Bylaws and Section 141(c) of the Delaware General Corporation Law.

II. PURPOSE OF THE COMMITTEE

The Committee's purposes are to identify, and to recommend to the Board, individuals qualified to serve as directors of the Corporation, as the chief executive officer of the Corporation and on committees of the Board; to advise the Board with respect to the Board composition, procedures and committees; to develop and recommend to the Board a set of corporate governance principles applicable to the Corporation; to oversee and approve the evaluation of the Board and the Corporation's management; and to lead the Board in its annual review of the Board's performance.

III. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors, as determined from time to time by the Board. The members of the Committee shall be appointed annually to one-year terms by a majority vote of the Board at the first meeting of the Board following the annual meeting of the Corporation's stockholders. Each Committee member shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation, removal from office, death or incapacity. The members of the Committee may be removed, with or without cause, only by a majority vote of the Board. Vacancies shall be filled only by a majority of the Board at the next Board meeting following the occurrence of the vacancy or as soon as practicable thereafter. Each member of the Committee shall satisfy all applicable requirements then in effect of the American Stock Exchange and any other stock exchange or national securities association on which the Corporation's securities are listed or quoted (such exchange or national securities association on which the Corporation's securities are listed or quoted, the "AMEX"), and any other applicable regulatory requirement relating to director independence, nomination and size of the Committee.

Unless a chairperson of the Committee is designated by the full Board, the members of the Committee shall designate a chairperson by a majority vote of the full Committee membership. A chairperson will chair all meetings of the Committee, set the agenda for the Committee meetings and establish an annual calendar with a proposed agenda of matters to be addressed at each of the Committee's meetings during the year. Committee members are expected to make suggestions for agenda items. A vacancy in the position of Committee chairperson shall be filled by a majority vote of the full Committee membership at the next Committee meeting following the occurrence of the vacancy or as soon as practicable thereafter.

IV. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask other directors, members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee may invite to its meetings any director, member of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibility. However, when necessary, the committee may meet in executive session without such other persons present, and in all cases members of management shall not be present at meetings at which their performance is being discussed and evaluated or similar matters relating to them are being discussed or determined. All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall act upon the vote of a majority of its members at a duly called meeting at which a quorum is present. Unless otherwise restricted by the certificate of incorporation or bylaws of the Corporation, any action may be taken by a written instrument signed by all of the members of the Committee.

The Committee shall maintain minutes of its meetings and records relating to those meetings. Following each of its meetings, the Committee shall report its deliberations at the next meeting of the Board, including a description of all actions taken by the Committee at the meeting and an identification of any matter that requires action by the Board.

The Committee shall have the authority to establish other rules and procedures for notice and conduct of its meetings consistent with the Corporation's bylaws and this Charter.

V. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. *Board Candidates and Nominees*

The Committee shall have the following duties and responsibilities with respect to Board candidates and nominees:

(a) To assist in identifying, recruiting, recommending and, if appropriate, interviewing candidates to fill positions on the Board, including persons suggested by stockholders or others. The Committee may, if it deems appropriate, establish procedures to be followed by stockholders in submitting recommendations for Board candidates.¹

(b) To review the background and qualifications of individuals being considered as director candidates. The Committee shall develop the criteria and qualifications for membership on the Board. Among the qualifications considered in the selection of candidates, the Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the Committee considers appropriate in the context of the needs of the Board.

(c) To consider whether the candidate is (i) independent pursuant to the requirements of the AMEX, (ii) accomplished in his or her field and has a reputation, both personal and professional, that is consistent with the image and reputation of the Corporation, (iii) able to read and understand basic financial statements (the Committee will also determine if a candidate qualifies as an "audit committee financial expert," as defined by the Securities and Exchange Commission (the "SEC")), (iv) knowledgeable as to the Corporation and issues affecting the Corporation, (v) committed to enhancing stockholder value, (vi) able to understand fully the legal responsibilities of a director and the governance processes of a public company, (vii) able to develop a good working

¹ Stockholders who wish to recommend to the Nominating and Corporate Governance Committee a candidate for election to the Board should send their letters to 747 Warehouse Street, Los Angeles, CA, Attention: Nominating Committee. Stockholders must follow certain procedures to make recommendations to the Nominating Committee for election of directors. In general, in order to provide sufficient time to enable the Nominating Committee to evaluate candidates recommended by stockholders in connection with selecting candidates for nomination in connection with the Corporation's annual meeting of stockholders, the Corporate Secretary must receive the stockholder's recommendation no later than 30 days after the end of the Corporation's fiscal year. The recommendation must contain the following information about the candidate: name; age; business and current residence addresses, as well as residence addresses for the past 20 years; principal occupation or employment and employment history (name and address of employer and job title) for the past 10 years; educational background; permission for the Corporation to conduct a background investigation; the number of shares of common stock of the Corporation beneficially owned by the candidate; the information that would be required to be disclosed by the Corporation about the candidate under the rules of the Securities Exchange Act of 1934 in a Proxy Statement soliciting proxies for the election of such candidate as a director; and a signed consent of the nominee to serve as a director of the Corporation, if elected.

relationship with other Board members and senior management and (viii) able to suggest business opportunities to the Corporation.

(d) To recommend to the Board the nominees for election as directors by the stockholders or appointment by the Board, as the case may be, pursuant to the Bylaws of the Corporation, which recommendations shall be consistent with the criteria for selecting directors established by the Board or the Committee, as the case may be, from time to time.

(e) To review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a change in status, including but not limited to an employment change, and to recommend whether or not the director should be re-nominated.

B. Board Composition and Procedures

The Committee shall have the following duties and responsibilities with respect to the composition and procedures of the Board as a whole:

(a) To review annually with the Board the composition, organization and governance of the Board as a whole and to recommend, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by the AMEX.

(b) To review periodically the size of the Board and to recommend to the Board any appropriate changes.

(c) To coordinate and approve Board meeting schedules and make recommendations on the frequency and structure of Board meetings.

(d) To make recommendations concerning any other aspect of the procedures of the Board that the Committee considers warranted, including but not limited to procedures with respect to the waiver by the Board of any Corporation rule, guideline, procedure or corporate governance principle.

C. Board Committees

The Committee shall have the following duties and responsibilities with respect to the committee structure of the Board:

(a) To make recommendations to the Board regarding the size and composition of each standing committee of the Board, including the identification of individuals qualified to serve as members of a committee, including the Committee, and to recommend individual directors to fill any vacancy that might occur on a committee, including the Committee.

(b) To coordinate and approve Committee meeting schedules, monitor the functioning of the committees of the Board and make recommendations for any changes, including the creation and elimination of committees.

(c) To review annually committee assignments and the policy with respect to the rotation of committee memberships and/or chairpersonships and to report any recommendations to the Board.

(d) To recommend that the Board establish such special committees as may be desirable or necessary from time to time in order to address ethical, legal or other matters that may arise. The Committee's power to make such a recommendation under this Charter shall be without prejudice to the right of any other committee of the Board, or any individual director, to make such a recommendation at any time.

D. Corporate Governance

The Committee shall have the following duties and responsibilities with respect to corporate governance:

(a) To develop and recommend to the Board a set of corporate governance principles for the Corporation, which shall be consistent with any applicable laws, regulations and listing standards. At a minimum, the corporate governance principles developed and recommended by the Committee shall address the following:

- (i) Director qualification standards.
- (ii) Director responsibilities.
- (iii) Director access to management and, as necessary and appropriate, independent advisors.
- (iv) Director compensation, including principles for determining the form and amount of director compensation, and for reviewing those principles, as appropriate.
- (v) Director orientation and continuing education.
- (vi) Management succession, including policies and principles for the selection and performance review of the chief executive officer, as well as policies regarding succession in the event of an emergency or the retirement of the chief executive officer.
- (vii) Annual performance evaluation of the Board.

(b) To review periodically, and at least annually, the corporate governance principles adopted by the Board to assure that they are appropriate for the Corporation and comply with the requirements of the AMEX and to recommend any desirable changes to the Board.

(c) To consider any other corporate governance issues that arise from time to time and to develop appropriate recommendations for the Board.

E. Evaluation of the Board and Management

The Committee shall have the following duties and responsibilities with respect to evaluation of the Board and management:

(a) The Committee shall be responsible for overseeing the evaluation of the Board as a whole and management and shall evaluate and report to the Board on the performance and effectiveness of the Board. The Committee shall establish procedures to allow it to exercise this oversight function.

(b) The Committee shall evaluate and recommend termination of membership of individual directors in accordance with the Board's corporate governance principles, for cause or for other appropriate reasons.

(c) In the event it is necessary to select a new chief executive officer of the Corporation, the Committee shall lead the process and initiate evaluation, consideration and screening of potential chief executive candidates. The full Board shall have the final responsibility to select the Corporation's chief executive officer.

VI. DELEGATION OF AUTHORITY

The Committee may form subcommittees, consisting of one or more members of the Committee, for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

VII. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend to the Board such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this

Charter and any recommended changes to the Corporation's or the Board's policies or procedures.

VIII. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any search firm to be used to identify director or chief executive officer candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Corporation.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law. Each member of the Committee, in the performance of his or her duties, will be entitled to rely in good faith upon reports presented to the Committee by the Corporation's officers, employees, and other persons who may be engaged by the Committee who may have more time, knowledge and detailed information about the Corporation than do the Committee members. The Committee will review information, opinions, reports or statements of such persons presented to the Committee as to matters the Committee members reasonably believe are within such other persons' professional or expert competence and who have been selected with reasonable care by or on behalf of the Corporation. Accordingly, the Committee's role does not provide any special assurances with regard to matters that are outside the Committee's area of expertise or that are the traditional responsibility of management.