

# Deutsche Bank Small-Mid Cap Conference



# Forward Looking Statements

- Certain statements in the following presentation regarding Warnaco's business operations may constitute "forward looking statements" as defined by the Securities and Exchange Commission.
- Such statements are not historical facts, but are predictions about the future which inherently involve risks and uncertainties, and these risks and uncertainties could cause actual results to differ from those contained in the forward looking statements.
- We urge investors to read the descriptions and discussions of these risks that are contained on slide 23 of this presentation as well as in the Company's annual and quarterly SEC filings.

# Opening Remarks

- Preliminary look at Fiscal 2010
  - Net Revenues up more than 13%
    - Calvin Klein 74% of total Company
    - International 56% of total Company
    - Retail 25% of total Company
      - 4Q Comparable Store sales up 6%
  - Strong balance sheet

# Our Company

- A worldwide leader in the apparel business
- Powerful brands
- Established and growing international presence
- Multi-channel distribution platform

# Strategy

Maximize profitability and sales by leveraging our business and brands through:

- Growth of Calvin Klein businesses
  - Geographic expansion
  - Direct to consumer initiatives
- Manage heritage businesses for profitability
- Operational excellence

# Calvin Klein Worldwide



**2010E Net revenues: \$1.7 billion**  
**Y:Y Growth: >14%**

## Priorities and Opportunities:

- Maximize business opportunities
  - Launch of CK One
- Expand direct-to-consumer initiative
- Pursue further global expansion

# Calvin Klein Jeans



**2010E Net revenues: \$996 million**  
**Y:Y Growth: 13%**

## Priorities and Opportunities:

- Focus on lifestyle
- Expand direct-to-consumer initiative
- Pursue further global expansion
- Maximize accessory opportunity

# Calvin Klein Underwear



**2010E Net revenues: \$669 million**  
**Y:Y Growth: 16%**

## Priorities and Opportunities:

- Expand men's leadership position
- Continue development of women's business
- Geographic expansion
- Direct to Consumer Growth

## International Results

<b>Revenue (in mils)</b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010E</u></b>	<b><u>Y:Y Growth</u></b>
Europe	\$471	\$576	\$552	\$576	4%
Asia	250	319	323	391	21%
Canada	103	115	109	131	21%
Latin America	<u>69</u>	<u>110</u>	<u>119</u>	<u>188</u>	<u>58%</u>
Total International	\$893	\$1121	\$1103	\$1287	17%
<b>% of Total Company</b>	49%	54%	55%	56%	

# International Opportunity



**2010E Net revenues: \$1.3 billion**  
**Y:Y Growth: >17%**

## Priorities and Opportunities:

- Expand geographic reach
- Grow direct to consumer network
- Leverage regional and country platforms

# Direct to Consumer



**2010E Net revenues: \$569 million**

**Y:Y Growth: 25%**

- 4Q10 Comparable Store Sales up 6%
  - 4Q09 comparable store sales were up 4%
- 2010 square footage grew by approximately 30%
  - Ended 2010 with approximately 850,000 square feet
- Ended FY10 in excess of 1300 points of distribution
  - Franchise partners operate another 600 points of distribution

# Direct to Consumer



- 2011 Opportunity to open in excess of 120,000 square feet of new organic retail space
  - 40% Asia
  - 40% Europe
  - 20% Latin America

# Store opening event



mall entrance



store front



store window



store entrance

# Store opening event



# Direct to Consumer - Metrics



- Drive retail revenues toward 30% of total Company
- Performance expectations:
  - Gross margin averages in the mid-60%
  - SG&A averages mid-40%
  - Four wall contribution margin\* of ~20% after three years of operation

\*Reported operating margin include approximately 5 points for transfer pricing and 4 points from shared service expense

# Heritage Businesses



**2010E Net revenues: \$600 million**  
**Y:Y Growth: 12%**

**Heritage is comprised of three businesses : Chaps, Speedo, Warner's & Olga**

- All businesses achieving Company threshold for profitability
- Continue to identify revenue growth opportunities
- Pursue further market share gains
- Remain focused on profitability

# Financial Strength

## As of October 2, 2010

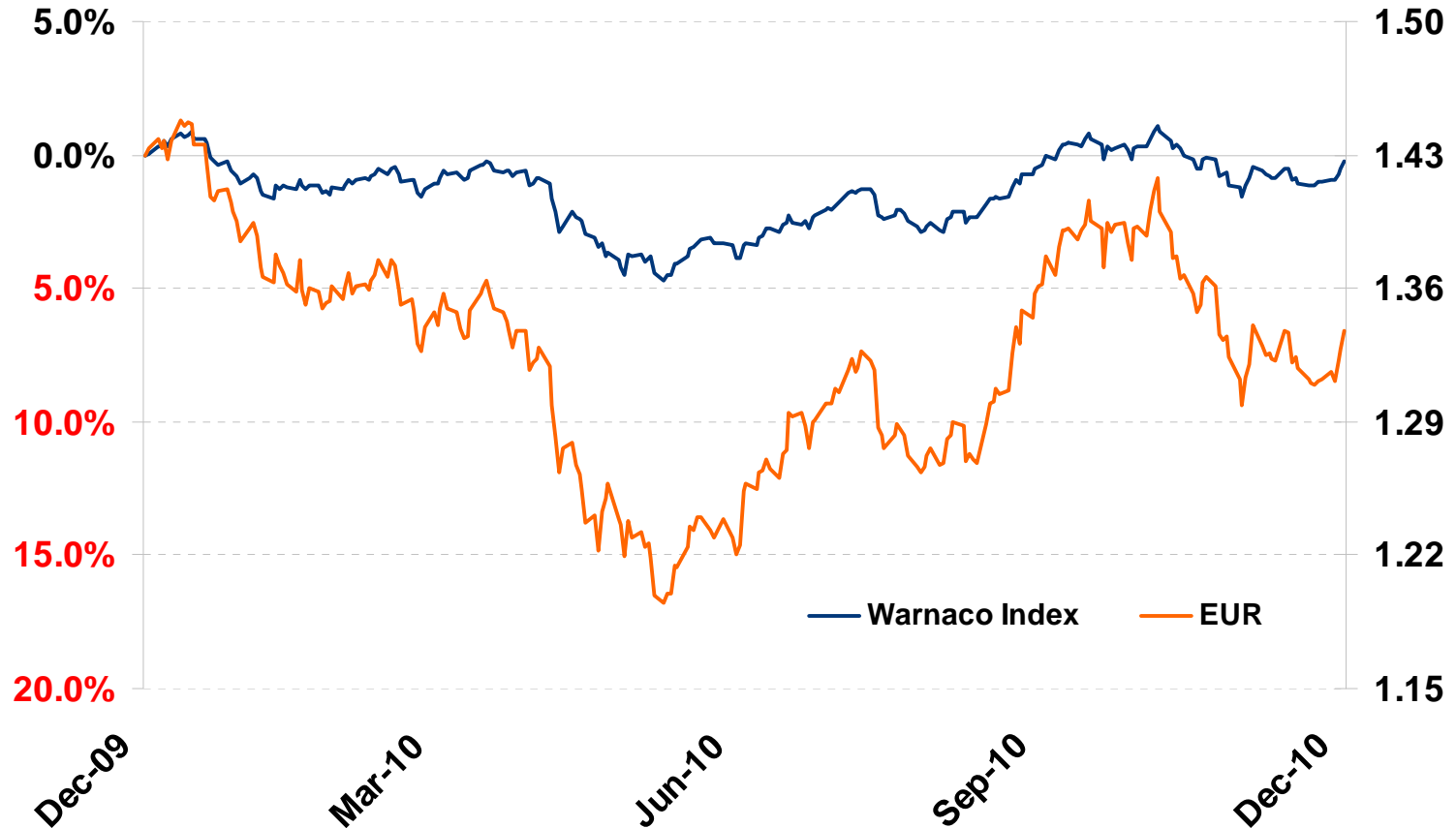
- Net Cash position of \$144 million
- Cash and Cash equivalents were approximately \$213
  - Used \$12 million to purchase approximately \$250 million
  - Have remained opportunistic through a 10b5-1 plan
- Inventories were \$324 million

# Foreign Exchange – Warnaco Currency Index

Cumulative Percent Change

## December 2010 Year-to-Date

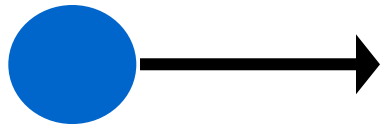
US\$ per EUR



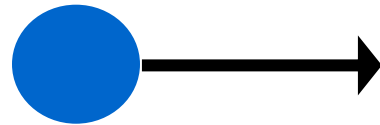
Stronger Euro (Weaker US\$)

Note: Warnaco's Currency Index represents the sum of individual FX rates (including the U.S. Dollar) weighted according to their proportion of 2010 revenues.

# Cash Utilization

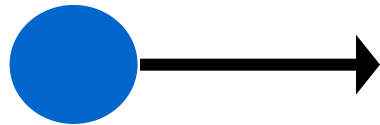


**Reinvest in the Business**



**Share Repurchase**

**Approximately 4 million shares remain  
under the authorized share repurchase  
plan**



**Strategic Acquisition**

# Summary



- Strong brands
- Organic growth opportunities
- Strong financial position
- Focused on creating long-term shareholder value

# Q&A



# Appendix

# Forward Looking Statements

The Warnaco Group, Inc. notes that the presentation scheduled for February 15, 2011 and certain other written, electronic and oral disclosure made by the Company from time to time, may contain forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve risks and uncertainties and reflect, when made, the Company's estimates, objectives, projections, forecasts, plans, strategies, beliefs, intentions, opportunities and expectations. Actual results may differ materially from anticipated results, targets or expectations and investors are cautioned not to place undue reliance on any forward-looking statements. Statements other than statements of historical fact, including, without limitation, future financial targets, are forward-looking statements. These forward-looking statements may be identified by, among other things, the use of forward-looking language, such as the words "believe," "anticipate," "estimate," "expect," "intend," "may," "project," "scheduled to," "seek," "should," "will be," "will continue," "will likely result," "targeted", or the negative of those terms, or other similar words and phrases or by discussions of intentions or strategies.

The following factors, among others and in addition to those described in the Company's reports filed with the SEC (including, without limitation, those described under the headings "Risk Factors" and "Statement Regarding Forward-Looking Disclosure," as such disclosure may be modified or supplemented from time to time), could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by it: the Company's ability to execute its repositioning and sale initiatives (including achieving enhanced productivity and profitability) previously announced; economic conditions that affect the apparel industry, including the recent turmoil in the financial and credit markets; the Company's failure to anticipate, identify or promptly react to changing trends, styles, or brand preferences; further declines in prices in the apparel industry; declining sales resulting from increased competition in the Company's markets; increases in the prices of raw materials; events which result in difficulty in procuring or producing the Company's products on a cost-effective basis; the effect of laws and regulations, including those relating to labor, workplace and the environment; possible additional tax liabilities; changing international trade regulation, including as it relates to the imposition or elimination of quotas on imports of textiles and apparel; the Company's ability to protect its intellectual property or the costs incurred by the Company related thereto; the risk of product safety issues, defects or other production problems associated with our products; the Company's dependence on a limited number of customers; the effects of consolidation in the retail sector; the Company's dependence on license agreements with third parties; the Company's dependence on the reputation of its brand names, including, in particular, Calvin Klein; the Company's exposure to conditions in overseas markets in connection with the Company's foreign operations and the sourcing of products from foreign third-party vendors; the Company's foreign currency exposure; the Company's history of insufficient disclosure controls and procedures and internal controls and restated financial statements; unanticipated future internal control deficiencies or weaknesses or ineffective disclosure controls and procedures; the effects of fluctuations in the value of investments of the Company's pension plan; the sufficiency of cash to fund operations, including capital expenditures; the Company's ability to service its indebtedness, the effect of changes in interest rates on the Company's indebtedness that is subject to floating interest rates and the limitations imposed on the Company's operating and financial flexibility by the agreements governing the Company's indebtedness; the Company's dependence on its senior management team and other key personnel; the Company's reliance on information technology; the limitations on purchases under the Company's share repurchase program contained in the Company's debt instruments, the number of shares that the Company purchases under such program and the prices paid for such shares; the Company's inability to achieve its financial targets and strategic objectives, as a result of one or more of the factors described above, changes in the assumptions underlying the targets or goals, or otherwise; the failure of acquired businesses to generate expected levels of revenues; the failure of the Company to successfully integrate such businesses with its existing businesses (and as a result, not achieving all or a substantial portion of the anticipated benefits of such acquisitions); and such acquired businesses being adversely affected, including by one or more of the factors described above and thereby failing to achieve anticipated revenues and earnings growth.

The Company encourages investors to read the section entitled "Risk Factors" and the discussion of the Company's critical accounting policies under "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Discussion of Critical Accounting Policies" included in the Company's Annual Report on Form 10-K, as such discussions may be modified or supplemented by subsequent reports that the Company files with the SEC. The discussion in this press release is not exhaustive but is designed to highlight important factors that may affect actual results. Forward-looking statements speak only as of the date on which they are made, and, except for the Company's ongoing obligation under the U.S. federal securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.