

Warnaco Inc.



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 22 of this presentation as well as in the Company's annual and quarterly SEC filings.

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

Warnaco Today

- 1H 2011 Net Revenues \$1.2 billion (up 13%)
 - 72% of revenue from Calvin Klein (up 16%)
 - 57% of revenue from international business (up 25%)
 - 27% of revenue from direct to consumer (up 37%)

Strategy

Maximize profitability and sales by leveraging our business and brands

- Grow Calvin Klein business
 - Geographic expansion
 - Direct to consumer growth
- Manage heritage business for profitability
- Operational excellence

Calvin Klein Worldwide

- 2010 Net Revenues \$1.7 billion (up 14%)
- 1H11 Net Revenues \$903 million (up 16%)

- Opportunity to double business over time
- Direct to consumer growth
- Further global expansion

Calvin Klein Jeans

- 2010 Net Revenues \$996 million (up 14%)
- 1H11 Net Revenues \$526 million (up 16%)

- Lifestyle collection
- Accessories opportunity
- Direct to consumer expansion



CK One - Fall 2011

VIDEO PLAYING

Calvin Klein Underwear

- 2010 Net Revenues \$670 million (up >15%)
- 1H11 Net Revenues \$350 million (up 16%)
- Expand men's leadership position
- Women's opportunity
- Direct to consumer expansion
- Digital & Social media



International Revenue

Revenue	2007	2008	2009	2010	1H11
Europe	\$471	\$576	\$552	\$577	\$297
Asia	250	319	323	391	241
Canada	103	115	109	131	67
Latin America	69	110	119	188	114
Total International	\$893	\$1,120	\$1103	\$1288	\$719
% of Total Company	49%	54%	55%	56%	57%

International Opportunity in Asia

- 2010 Net Revenues \$391 million (up >21%)
- 1H11 Net Revenues \$241 million (up >33%)
- Korea and China – largest markets
- Over 75% of revenue is direct to consumer
- China opportunity - \$400 million over time
- Entered into India joint venture



International Opportunity in Latin America

- 2010 Net Revenues \$188 million (up 58%)
- 1H11 Net Revenues \$114 million (up 39%)

- Mexico and Brazil – Largest markets
- Growing direct to consumer opportunity



International Opportunity in Europe

- 2010 Net Revenues \$577 million (up 5%)
- 1H11 Net Revenues \$297 million (up 15%)

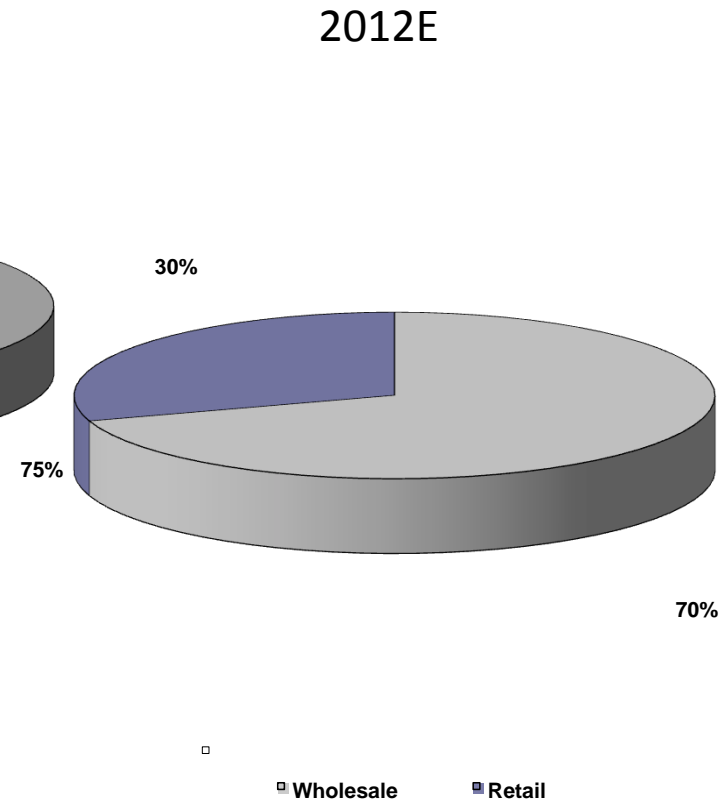
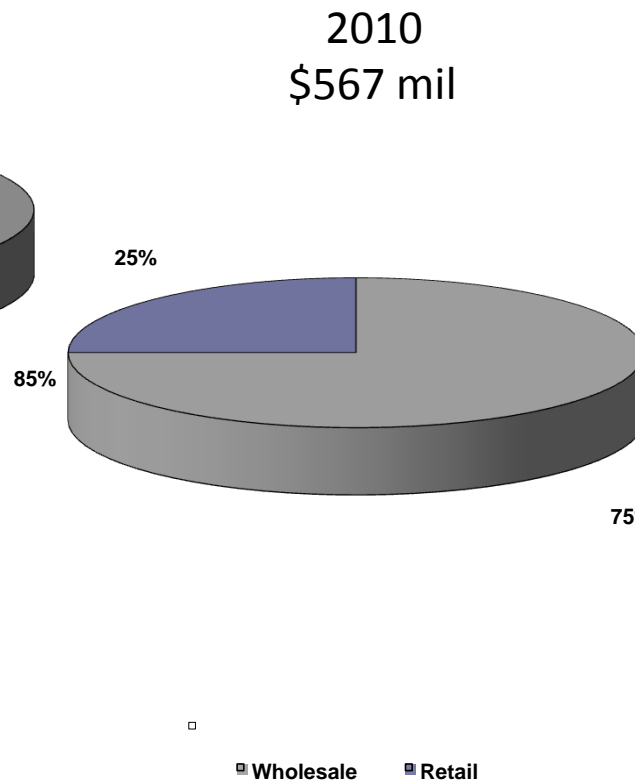
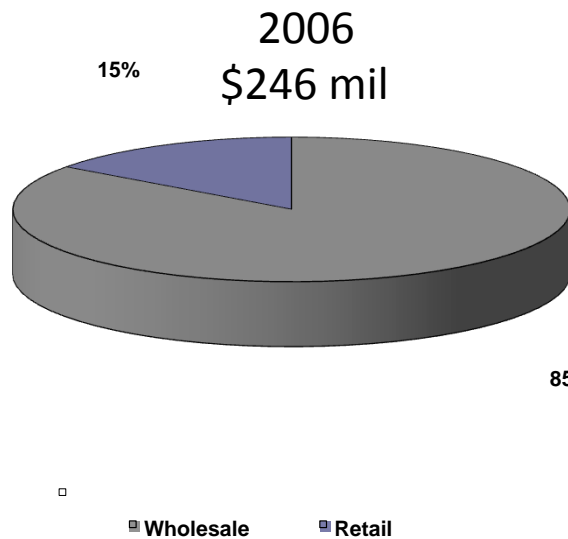
- Significant opportunity to expand in N. Europe
- Italy and Spain two largest markets



Warnaco's Different Retail Looks



Direct to Consumer



Direct to Consumer

- 2010 Net Revenues \$567 million (up 25%)
- 1H11 Net Revenues \$342 million (up 37%)
- Ended 2010 with 855,000 square feet of directly operated retail space (a 30% increase)
- Goal is to add 200,000 square feet of new retail in 2011
- Over the next few years, target 150,000 square feet annually

Heritage Brands



1H11 Net Revenues

- Speedo \$152 million (up 8%)
- Chaps \$100 million (up 5%)
- Core Intimates \$98 million (up 7%)



- Leadership position in their respective channels of distribution
- All businesses achieving Company threshold for profitability
- Sustain profitability



1H11 Highlights* – As adjusted (non-gaap)

	<u>1H 2011</u>	<u>1H 2010</u>
	<u>Adjusted</u>	<u>Adjusted</u>
(USD in Millions)		
Net Revenues	\$1,253.5	\$1,107.5
Gross Margin	44.3%	44.9%
SG&A	\$421.8	\$360.2
SG&A as % Net Revenues	33.6%	32.5%
Operating Income	\$133.1	\$136.9
Operating Margin	10.6%	12.4%
Income from Continuing Operations	\$87.3	\$83.6
Diluted EPS from Continuing Operations	\$1.93	\$1.80

*Reflects adjustments to exclude restructuring expense, pension expense, costs related to debt repurchase, acquisition related expense as well as certain tax related and other items. See Appendix for reconciliation to GAAP results

Cash Flow From Operations



▶ **Reinvest in the Business**



▶ **Share Repurchase**

September 8th – announced new \$200 million multi-year share repurchase authorization

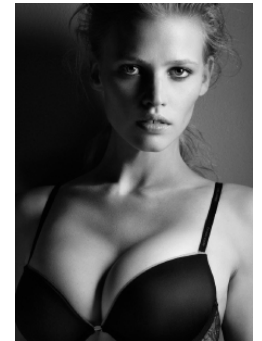


▶ **Strategic Acquisition**

Summary



- Strong brands
- Consistent strategy
- Organic growth opportunities
- Excellent balance sheet
- Focused on creating long-term shareholder value



Appendix



Forward Looking Statements

The Warnaco Group, Inc. notes that this presentation 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.

Appendix

Schedule 1

THE WARNACO GROUP, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in thousands, excluding per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 2, 2011	July 3, 2010	July 2, 2011	July 3, 2010
Net revenues	\$ 591,387	\$ 519,334	\$ 1,253,548	\$ 1,107,498
Cost of goods sold	333,117	289,592	700,140	610,638
Gross profit	258,270	229,742	553,408	496,860
Selling, general and administrative expenses	202,854	171,860	425,491	356,833
Amortization of intangible assets	3,126	2,586	6,285	5,254
Pension income	(309)	(22)	(621)	(43)
Operating income	52,599	55,318	122,253	134,816
Other loss (income)	(215)	5,730	(859)	7,550
Interest expense	3,460	4,259	6,156	9,237
Interest income	(810)	(487)	(1,556)	(1,493)
Income from continuing operations before provision for income taxes	50,164	45,816	118,512	119,522
Provision for income taxes	4,598	15,789	28,414	41,183
Income from continuing operations	45,566	30,027	90,098	78,339
Loss from discontinued operations, net of taxes	(63)	(93)	(564)	(430)
Net income	45,503	29,934	89,534	77,909
Basic income per common share:				
Income from continuing operations	\$ 1.03	\$ 0.67	\$ 2.03	\$ 1.72
Loss from discontinued operations	-	(0.01)	(0.01)	(0.01)
Net income	\$ 1.03	\$ 0.66	\$ 2.02	\$ 1.71
Diluted income per common share:				
Income from continuing operations	\$ 1.01	\$ 0.65	\$ 1.99	\$ 1.68
Loss from discontinued operations	-	-	(0.02)	(0.01)
Net income	\$ 1.01	\$ 0.65	\$ 1.97	\$ 1.67
Weighted average number of shares outstanding used in computing income per common share:				
Basic	43,622,535	44,468,794	43,757,202	44,943,829
Diluted	44,458,373	45,426,632	44,698,317	45,936,496

Appendix

THE WARNACO GROUP, INC.
NON-GAAP MEASURES
(Dollars in thousands, excluding per share amounts)
(Unaudited)

The Company's reported financial results are presented in accordance with U.S. generally accepted accounting principles ("GAAP"). The reported operating income, income from continuing operations and diluted earnings per share from continuing operations reflect certain items which affect the comparability of those reported results. Those financial results are also presented on a non-GAAP basis, as defined by Regulation S-K section 10(e) issued by the Securities and Exchange Commission to exclude the effect of these items. The Company's computation of these non-GAAP measures may vary from others in its industry. These non-GAAP financial measures are not intended to be, and should not be, considered in isolation from or as a substitute for the most directly comparable GAAP financial measure to which they are reconciled, as presented in the following table:

	<u>Three Months Ended*</u>		<u>Six Months Ended*</u>	
	<u>July 2, 2011</u>	<u>July 3, 2010</u>	<u>July 2, 2011</u>	<u>July 3, 2010</u>
	(Dollars in thousands, except per share amounts)			
Operating income, as reported (GAAP)	\$ 52,599	\$ 55,318	\$ 122,253	\$ 134,816
Restructuring charges and pension income (a)	4,645	1,132	10,822	2,070
Operating income, as adjusted (non-GAAP) (d)	<u>\$ 57,244</u>	<u>\$ 56,450</u>	<u>\$ 133,075</u>	<u>\$ 136,886</u>
Income from continuing operations, as reported (GAAP)	\$ 45,566	\$ 30,027	\$ 90,098	\$ 78,339
Restructuring charges and pension, net of income tax (a)	3,218	858	7,339	1,340
Costs related to the redemption of debt, net of income tax (b)	-	1,354	-	2,368
Taxation (c)	(11,788)	446	(10,137)	1,554
Income from continuing operations, as adjusted (non-GAAP) (d)	<u>\$ 36,996</u>	<u>\$ 32,685</u>	<u>\$ 87,300</u>	<u>\$ 83,601</u>
Diluted earnings per share from continuing operations, as reported (GAAP)	\$ 1.01	\$ 0.65	\$ 1.99	\$ 1.68
Restructuring charges and pension, net of income tax (a)	0.07	0.02	0.16	0.03
Costs related to the redemption of debt, net of income tax (b)	-	0.03	-	0.05
Taxation (c)	(0.26)	0.01	(0.22)	0.04
Diluted earnings per share from continuing operations, as adjusted (non-GAAP) (d)	<u>\$ 0.82</u>	<u>\$ 0.71</u>	<u>\$ 1.93</u>	<u>\$ 1.80</u>

*see footnotes on following page

THE WARNACO GROUP, INC.
NON-GAAP MEASURES
(Dollars in thousands, excluding per share amounts)
(Unaudited)

a) For all periods presented, this adjustment seeks to present operating income, income from continuing operations and diluted earnings per share from continuing operations without the effects of restructuring charges and pension income. Restructuring charges (on a pre-tax basis) were \$4,954 and \$11,443 for the Three and Six Months Ended July 2, 2011, respectively and \$1,154 and \$2,113 for the Three and Six Months Ended July 3, 2010, respectively. Pension income (on a pre-tax basis) was \$309 and \$621 for the Three and Six Months Ended July 2, 2011, respectively and \$22 and \$43 for the Three and Six Months Ended July 3, 2010, respectively. The income tax rates used to compute the income tax effect related to this adjustment correspond to the local statutory tax rates of the reporting entities that incurred restructuring charges or recognized pension income.

b) This adjustment seeks to present income from continuing operations and diluted earnings per share from continuing operations without the effect of the charges shown in the table above related to the repurchase of a portion of the Company's Senior Notes during the Three and Six Months Ended July 3, 2010. The income tax rates used to compute the income tax effect related to this adjustment correspond to the statutory tax rates in the United States.

c) For the Three and Six Months Ended July 2, 2011 and Three and Six Months Ended July 3, 2010, this adjustment reflects an amount required in order to present income from continuing operations and diluted earnings per share from continuing operations on an adjusted (non-GAAP) basis at the Company's forecasted normalized tax rates for Fiscal 2011 (32.5%) and Fiscal 2010 (33.3%), respectively. This adjustment excludes the effects of certain tax adjustments related to either changes in estimates in prior period tax provisions or adjustments for certain discrete tax items. Adjustments for discrete items reflect the federal, state and foreign tax effects related to: 1) income taxes associated with legal entity reorganizations and restructurings; 2) tax provision or benefit resulting from statute expirations or the finalization of income tax examinations, and 3) other adjustments not considered part of the Company's core business activities. In addition, this adjustment for Fiscal 2011 excludes the effect of a benefit of \$10.9 million recorded during the Three and Six Months Ended July 2, 2011 associated with the recognition of pre-2004 net operating losses in a foreign jurisdiction as result of receiving a favorable ruling from that country's taxing authority during the Three Months Ended July 2, 2011.

d) The Company believes it is valuable for users of its financial statements to be made aware of the non-GAAP financial information, as such measures are used by management to evaluate the operating performance of the Company's continuing businesses on a comparable basis and to make operating and strategic decisions. Management believes such non-GAAP measures will also enhance users' ability to analyze trends in the Company's business. In addition, the Company uses performance targets based on non-GAAP operating income and diluted earnings per share as a component of the measurement of incentive compensation.