
Calvin Klein Jeans
Calvin Klein underwear
Calvin Klein swimwear
WARNACO INC
speedo
CHAPS EST. 1978
Olga
warner's

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

# *Warnaco*

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

# *Warnaco – First Half Fiscal 2010*

- Net Revenues $1.1 billion
  - 52% of revenue from international business
  - 23% of revenue from direct to consumer
- Operating Income** $137million
  - Operating margin 12.4%
- Diluted EPS** from continuing operations $1.80

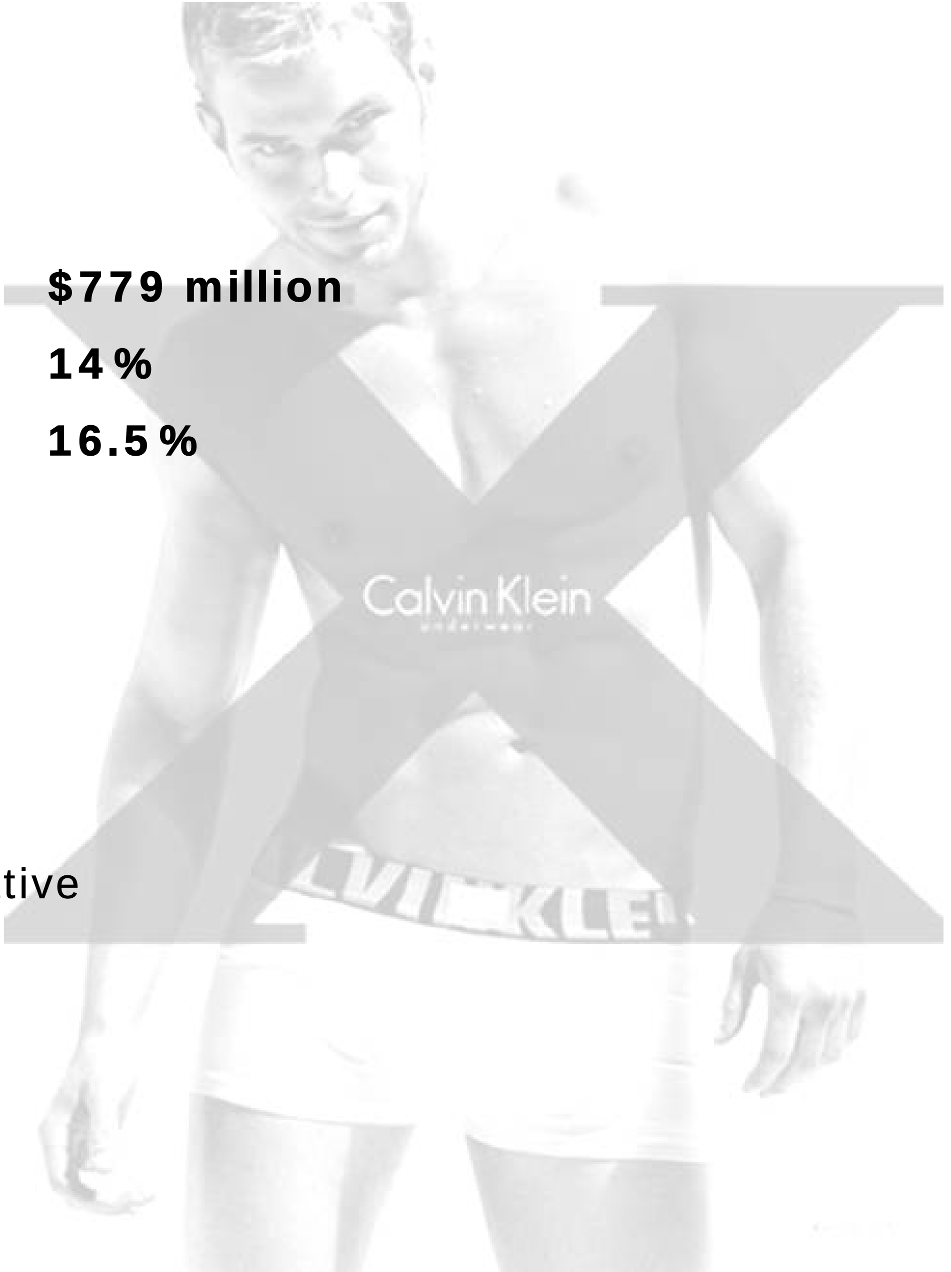
**Reflects adjustments to exclude restructuring expense, pension expense, cost related to repurchase of debt as well as certain tax related items.  See Appendix for reconciliation to GAAP results

# *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*




| | |
|---|---|
| **1H2010 Net revenues:** | **$779 million** |
| **Y:Y Growth:** | **14%** |
| **Operating margin*:** | **16.5%** |

**Priorities and Opportunities:**

- Maximize business opportunities
- Pursue further global expansion
- Expand direct-to-consumer initiative
- Increase marketing investment

*Operating margin excludes shared service expense and restructuring expense

# *Calvin Klein Jeanswear*

**1H2010 Net revenues*:** **$454 million**

**Y:Y Growth:** **13%**

**Operating margin+:** **14.9%**

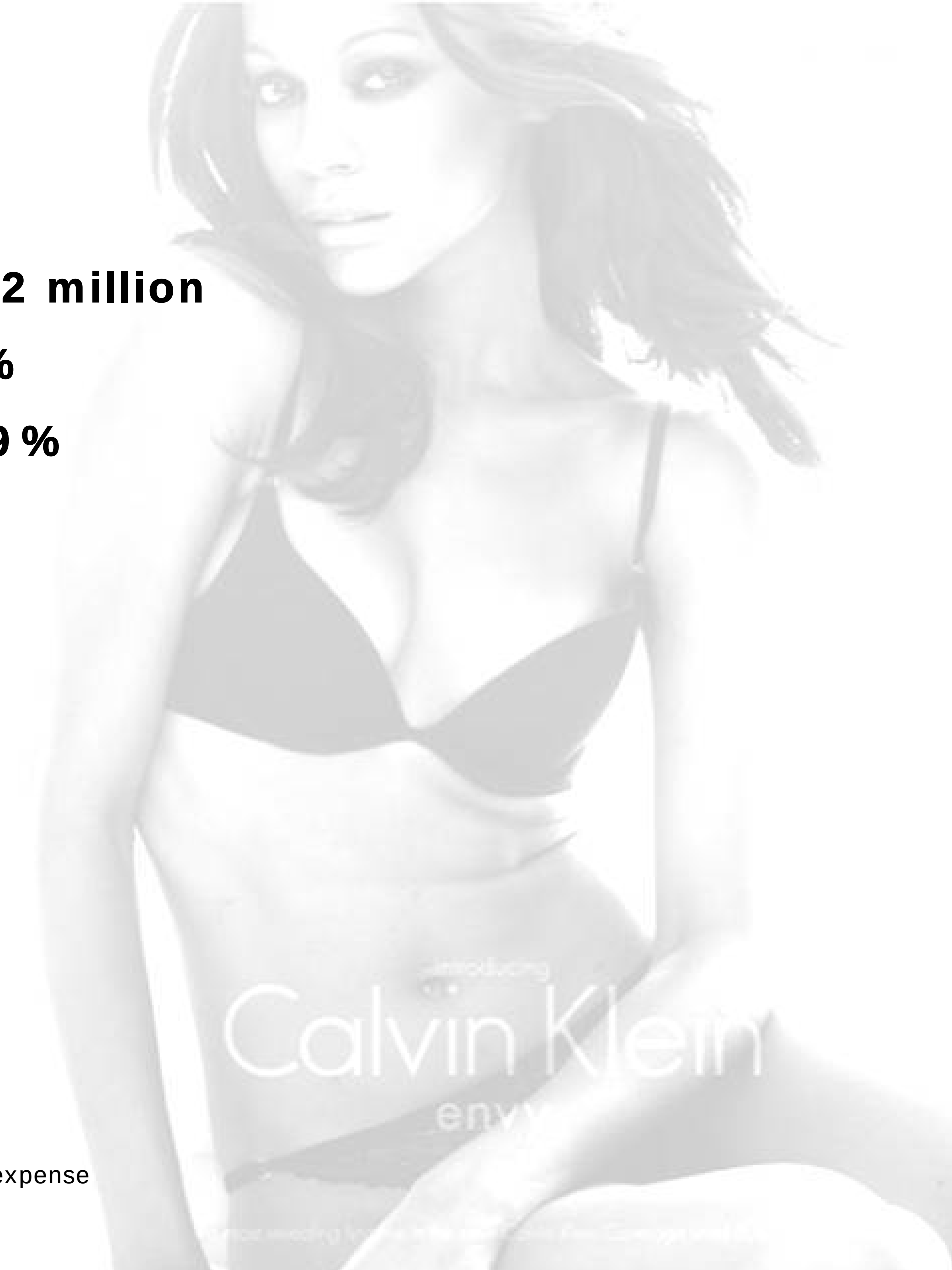
**Priorities and Opportunities:**

- Focus on lifestyle
- Expand direct to consumer initiative
- Maximize accessories opportunity

* Includes approximately $55 million of Calvin Klein accessories

+Operating margin excludes shared service expense and restructuring expense

# *Calvin Klein Underwear*




**1H2010 Net revenues:** **$302 million**

**Y:Y Growth:** **14%**

**Operating margin*:** **19.9%**

**Priorities and Opportunities:**

- Expand men's leadership position
- Envy Launch
- Geographic expansion
- Direct to consumer growth

*Operating margin excludes shared services expense and restructuring expense

WARNACO INC

# *International Opportunities*

| | |
|---|---|
| **1H2010 Net revenues:** | **$575 million** |
| **Y:Y Growth** | **17%** |
| **Operating margin*:** | **13.8%** |


**Priorities & Opportunities**

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

*Operating margin includes shared service expense and excludes restructuring expense.

# Direct-to-Consumer


**1H2010 Net revenues:** **$250 million**

**Y:Y Growth:** **25%**

**Operating margin*:** **8.8%**

**Store Economics**

- 2Q 2010 comparable store sales up 3%
- 3Q 2010 to-date comparable stores sales up 8%
- Four wall contribution margin of ~20% after three years
- Build out cost of approximately $200 per square foot

*Reported operating margin includes approximately:

5 percentage points from transfer pricing and

5 percentage points from shared service expense

# Direct-to-Consumer Strategy



- Drive retail revenues toward 30% of total Company
- Expand square footage at annual rate of approximately 20%

  (2010 square footage growth approaching 30%)

  - Ended 2Q’10 with 1,200 points of distribution
  - Franchise partners operate an additional 590 points of distribution
  - In 2010, plan to organically add over 120,000 sq ft
    - ~40% Asia
    - ~50% Europe
    - ~10% Americas

# Heritage Businesses

**1H2010 Net revenues:** **$329 million**

**Y:Y Growth:** **7%**

**Operating margin*:** **18.5%**

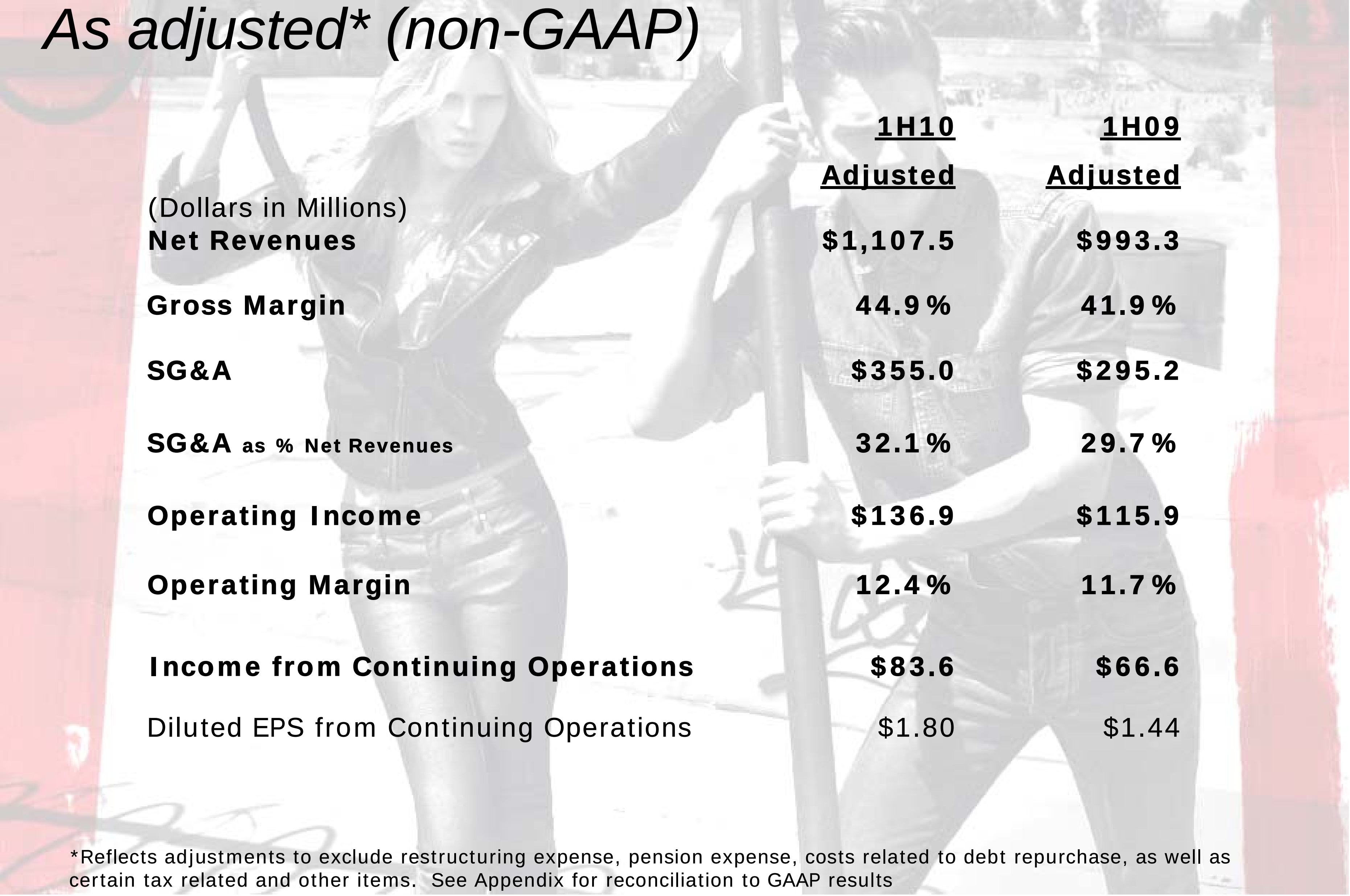
**Heritage business is comprised of three businesses**

**Chaps – Speedo - Warner's & Olga**

- Leaders in their respective channels of distribution
- All businesses achieving Company threshold for profitability
- Continue to pursue market share gains
- Sustain profitability

*Operating margin excludes shared services expense and restructuring expense

# 1H10 & 1H09 Results
# As adjusted* (non-GAAP)



| (Dollars in Millions) | 1H10 Adjusted | 1H09 Adjusted |
|---|---|---|
| **Net Revenues** | **$1,107.5** | **$993.3** |
| **Gross Margin** | **44.9%** | **41.9%** |
| **SG&A** | **$355.0** | **$295.2** |
| **SG&A as % Net Revenues** | **32.1%** | **29.7%** |
| **Operating Income** | **$136.9** | **$115.9** |
| **Operating Margin** | **12.4%** | **11.7%** |
| **Income from Continuing Operations** | **$83.6** | **$66.6** |
| Diluted EPS from Continuing Operations | $1.80 | $1.44 |

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

# Financial Strength

As of July 3, 2010:

- Net Cash position of $108 million
  - Redeemed $110.9 million of 8 7/8% Senior Notes on June 15, 2010
- Cash and Cash equivalents were approximately $173 million
- Inventories were down 5% to $278 million

# *Uses of Cash*

- **Reinvest in Business**
- **Share Repurchase**
- **Strategic Acquisitions**

# *Summary*

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

Calvin Klein Jeans

Calvin Klein
underwear

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swimwear

WARNACO INC

speedo

CHAPS
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Olga

warner's

# Appendix

# Forward Looking Statements

The Warnaco Group, Inc. notes that the presentation scheduled for September 29, 2010 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.

# 2Q 2010 and 1H 2010 Consolidated Statement of Operations

THE WARNACO GROUP, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Dollars in thousands, excluding per share amounts)

(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 3, 2010 | July 4, 2009 | July 3, 2010 | July 4, 2009 |
| Net revenues | $ 519,334 | $ 455,432 | $ 1,107,498 | $ 993,275 |
| Cost of goods sold | 289,592 | 266,432 | 610,638 | 578,990 |
| Gross profit | 229,742 | 189,000 | 496,860 | 414,285 |
| Selling, general and administrative expenses | 171,860 | 145,256 | 356,833 | 303,603 |
| Amortization of intangible assets | 2,586 | 2,151 | 5,254 | 4,278 |
| Pension expense (income) | (22) | 594 | (43) | 1,131 |
| Operating income | 55,318 | 40,999 | 134,816 | 105,273 |
| Other loss | 5,730 | 2,799 | 7,550 | 2,395 |
| Interest expense | 4,259 | 5,799 | 9,237 | 11,868 |
| Interest income | (487) | (416) | (1,493) | (824) |
| Income from continuing operations before provision for income taxes and noncontrolling interest | 45,816 | 32,817 | 119,522 | 91,834 |
| Provision for income taxes | 15,789 | 13,263 | 41,183 | 33,430 |
| Income from continuing operations before noncontrolling interest | 30,027 | 19,554 | 78,339 | 58,404 |
| (Loss) from discontinued operations, net of taxes | (93) | (882) | (430) | (1,903) |
| Net income | 29,934 | 18,672 | 77,909 | 56,501 |
| Less: Net income attributable to the noncontrolling interest | - | (912) | - | (1,170) |
| Net income attributable to Warnaco Group, Inc. | $ 29,934 | $ 17,760 | $ 77,909 | $ 55,331 |
| **Amounts attributable to Warnaco Group, Inc. common shareholders:** | | | | |
| Income from continuing operations, net of tax | $ 30,027 | $ 18,642 | $ 78,339 | $ 57,234 |
| Discontinued operations, net of tax | (93) | (882) | (430) | (1,903) |
| Net income | $ 29,934 | $ 17,760 | $ 77,909 | $ 55,331 |
| Basic income per common share attributable to Warnaco Group, Inc. common shareholders: | | | | |
| Income from continuing operations | $ 0.67 | $ 0.41 | $ 1.72 | $ 1.25 |
| (Loss) from discontinued operations | (0.01) | (0.02) | (0.01) | (0.04) |
| Net income | $ 0.66 | $ 0.39 | $ 1.71 | $ 1.21 |
| Diluted income per common share attributable to Warnaco Group, Inc. common shareholders: | | | | |
| Income from continuing operations | $ 0.65 | $ 0.40 | $ 1.68 | $ 1.23 |
| (Loss) from discontinued operations | - | (0.02) | (0.01) | (0.04) |
| Net income | $ 0.65 | $ 0.38 | $ 1.67 | $ 1.19 |
| Weighted average number of shares outstanding used in computing income per common share: | | | | |
| Basic | 44,468,794 | 45,412,175 | 44,943,829 | 45,356,680 |
| Diluted | 45,426,632 | 46,010,870 | 45,936,496 | 45,879,453 |

# 2Q 2010 & 1H 2010
# Consolidated Statement of Operations
# Reconciliation of GAAP to as Adjusted

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:

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | July 3, 2010 | July. 4, 2009 | July 3, 2010 | July 4, 2009 |
| | (Dollars in thousands, except per share amounts) | | | |
| Operating income, as reported (GAAP) | $ 55,318 | $ 40,999 | $ 134,816 | $ 105,273 |
| Restructuring charges, other exit costs and pension (a) | 1,132 | 2,068 | 2,070 | 11,176 |
| Other (b) | - | (260) | - | (520) |
| Operating income, as adjusted (non-GAAP) | $ 56,450 | $ 42,807 | $ 136,886 | $ 115,929 |
| | | | | |
| Income from continuing operations, as reported (GAAP) | $ 30,027 | $ 18,642 | $ 78,339 | $ 57,234 |
| Restructuring charges, other exit costs and pension, net of taxation (c) | 858 | 1,430 | 1,340 | 7,923 |
| Costs related to the redemption of Debt, net of taxation (d) | 1,354 | - | 2,368 | - |
| Other item, net of taxation (b) | - | (156) | - | (312) |
| Taxation (e) | 446 | 2,059 | 1,554 | 1,731 |
| Income from continuing operations, as adjusted (non-GAAP) | $ 32,685 | $ 21,975 | $ 83,601 | $ 66,576 |
| | | | | |
| Diluted earnings per share from continuing operations, as reported (GAAP) | $ 0.65 | $ 0.40 | $ 1.68 | $ 1.23 |
| Restructuring charges, other exit costs and pension, net of taxation | 0.02 | 0.03 | 0.03 | 0.17 |
| Costs related to the redemption of Debt, net of taxation | 0.03 | - | 0.05 | - |
| Taxation | 0.01 | 0.04 | 0.04 | 0.04 |
| Diluted earnings per share from continuing operations, as adjusted (non-GAAP) | $ 0.71 | $ 0.47 | $ 1.80 | $ 1.44 |

(a) This adjustment seeks to present the Company's Consolidated Condensed Statements of Operations on a continuing basis without the effects of restructuring charges and other exit costs of $1,154 and $1,474 for the Three Months Ended July 3, 2010 and July 4, 2009, respectively, and $2,113 and $10,045 for the Six Months Ended July 3, 2010 and July 4, 2009, respectively, and pension (income) expense of $(22) and $594 for the Three Months Ended July 3, 2010 and July 4, 2009, respectively, and $(43) and $1,131 for the Six Months Ended July 3, 2010 and July 4, 2009, respectively.

(b) This adjustment seeks to present the Company's Consolidated Condensed Statements of Operations on a continuing basis with an additional charge of $156 (net of a $104 tax benefit) and $312 (net of a $208 tax benefit) for the Three Months and Six Months Ended July 4, 2009 for amortization expense related to the correction of amounts recorded in prior periods in connection with the recapture of cancellation of indebtedness income.

(c) Adjustment to reflect the items in (a), above, net of income tax effects of $274 and $638 for the Three Months Ended July 3, 2010 and the Three Months Ended July 4, 2009, respectively, and $730 and $3,253 for the Six Months Ended July 3, 2010 and the Six Months Ended July 4, 2009, respectively.

(d) This adjustment seeks to present the Company's Consolidated Condensed Statements of Operations on a continuing basis without the effects of charges of $2,055, net of income tax effects of $701and charges of $3,747, net of income tax effects of $1,379, related to the repurchase of a portion of its Senior Notes during the Three Months and Six Months Ended July 3, 2010, respectively.

(e) Adjustment to reflect the Company's income from continuing operations at tax rates of 33.3% and 33.9%, which reflect the Company's normalized tax rates for Fiscal 2010 and Fiscal 2009, respectively, excluding the effect of restructuring charges, pension expense, charges related to the repurchase of Senior Notes during the Three and Six Months Ended July 3, 2010 and ceratin other tax related items.

The Company believes it is valuable for users of its financial statements to be made aware of the non-GAAP financial measures, 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. 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, in part, on these non-GAAP measures as a component of the measurement of employee incentive compensation.