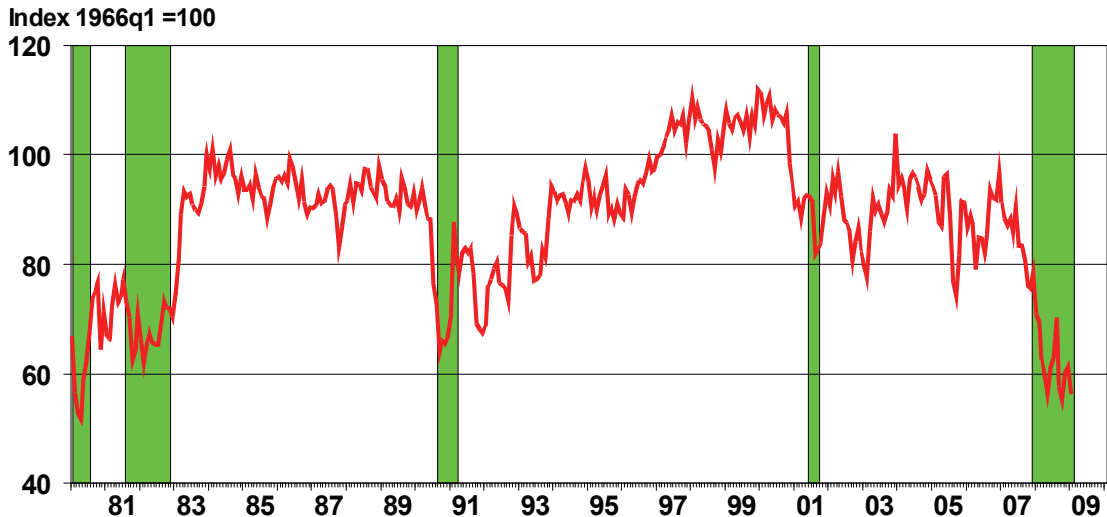


Consumer Sentiment Index

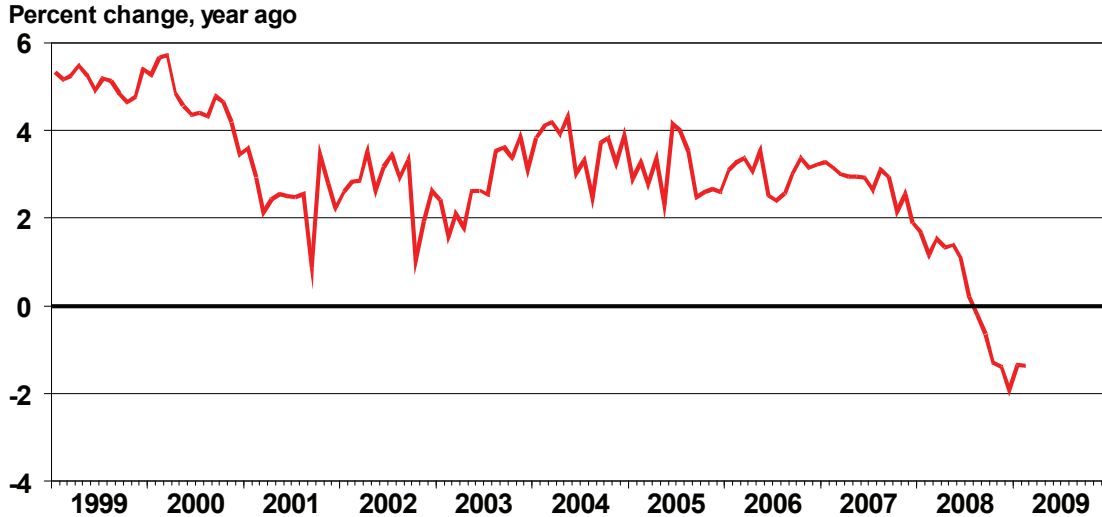
University of Michigan



Sources: Federal Reserve Bank of St. Louis, University of Michigan.

Real personal consumption expenditures

United States



Sources: Bureau of Economic Analysis, IHS Global Insight.

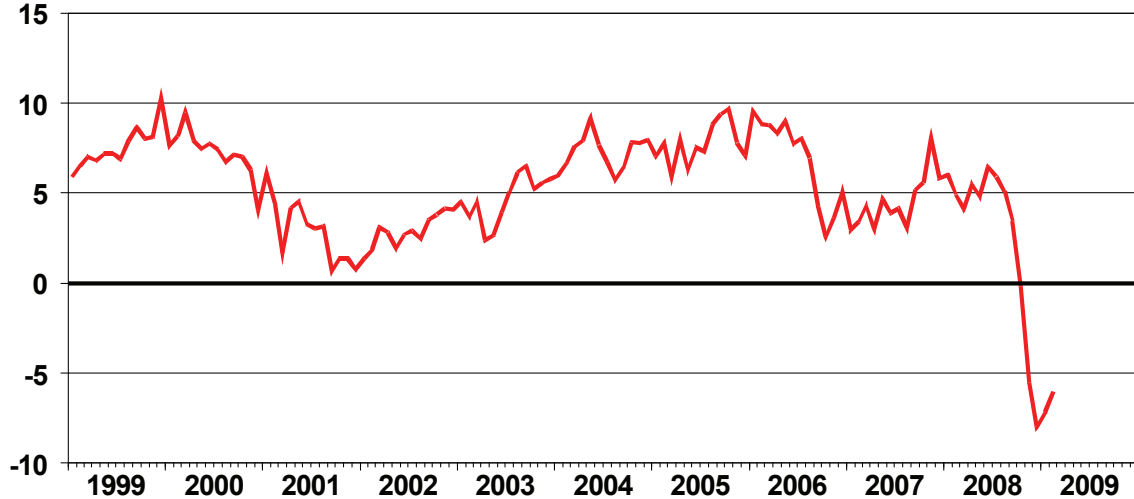
Retail sales (excluding autos)



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United States

Percent change, year ago



Sources: U.S. Census, IHS Global Insight..

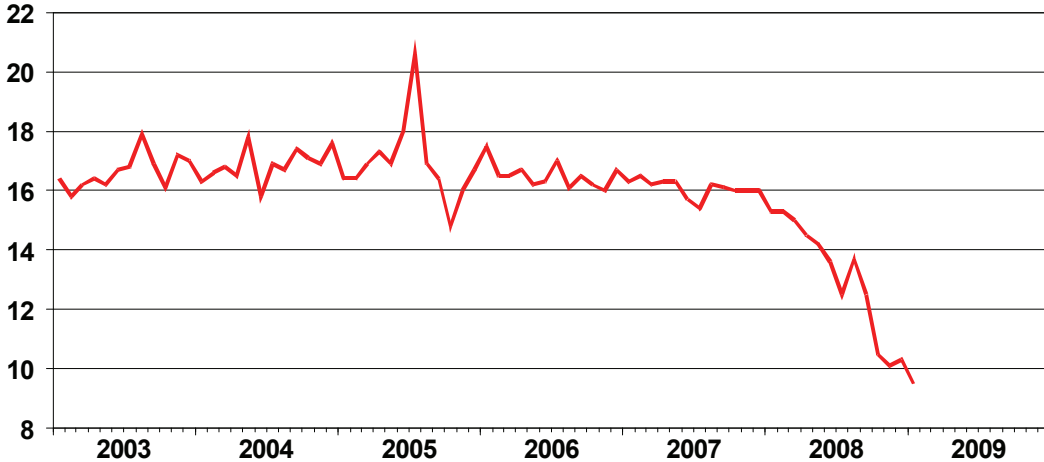
Light vehicle sales

United States



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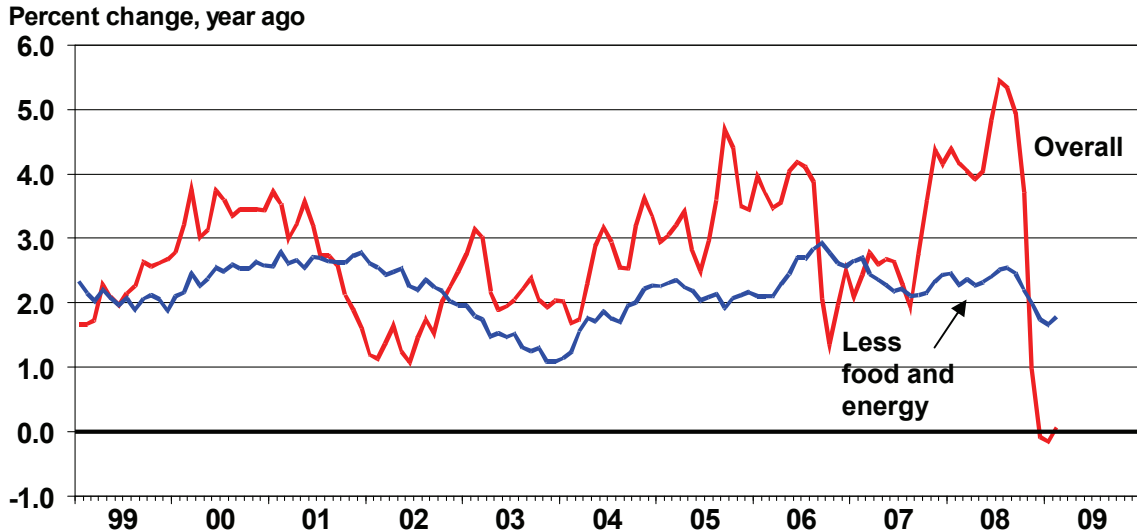
Millions, SAAR



Sources: Bureau of Economic Analysis, IHS Global Insight.

Consumer Price Index

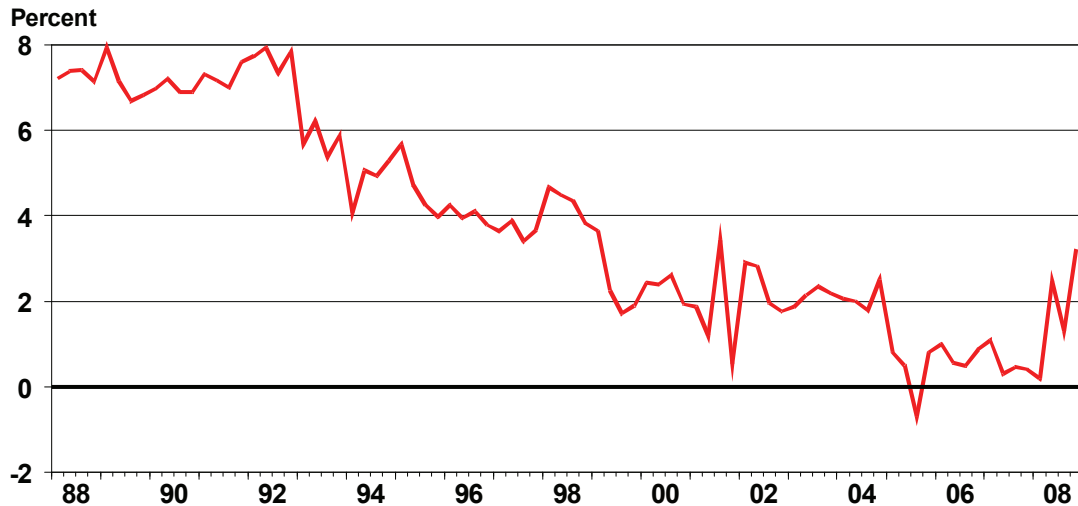
Overall vs. core index



Sources: Bureau of Labor Statistics, IHS Global Insight.

Household savings

As percent of disposable personal income



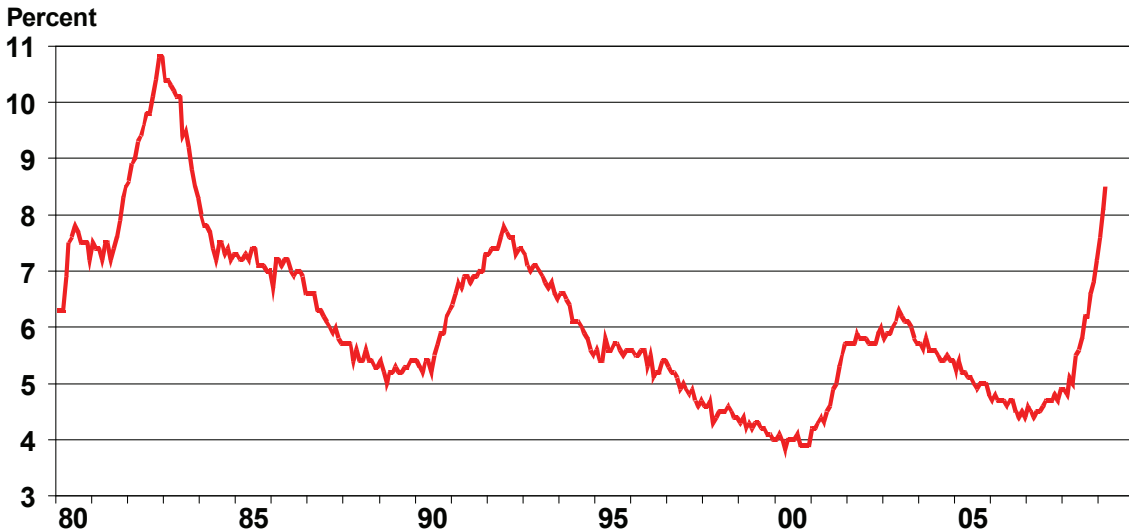
Sources: Federal Reserve, IHS, Global Insight.

Civilian unemployment rate

United States



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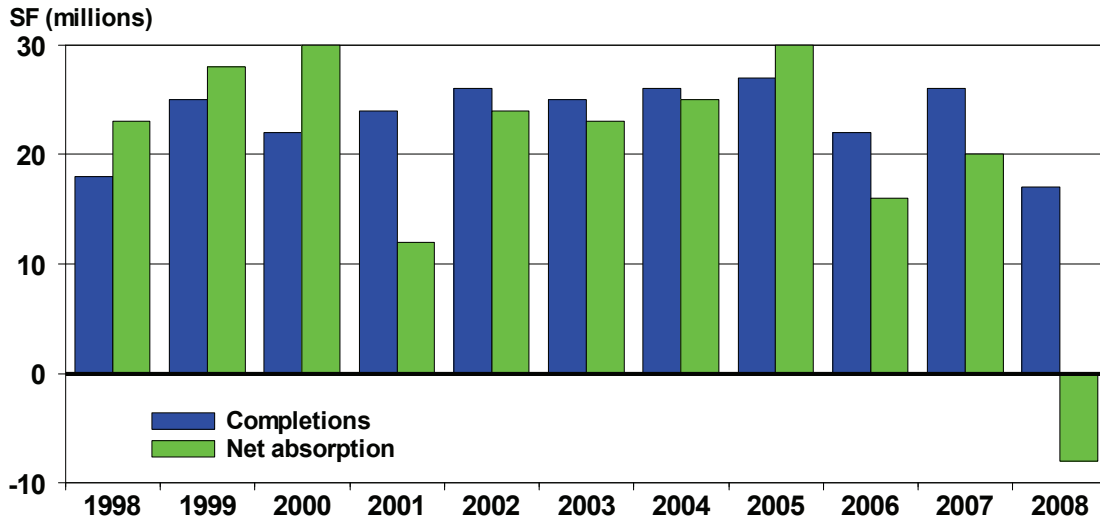
Sources: Bureau of Labor Statistics, IHS Global Insight.

Completions and net absorption

Retail



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Source: Wachovia Capital Markets, LLC.

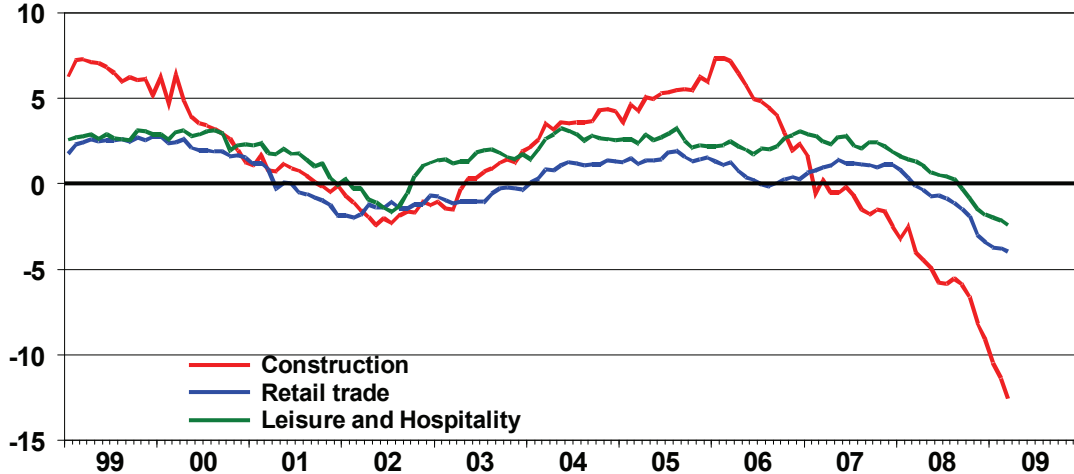
Employment by sector

United States



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Percent change, year ago



Sources: Bureau of Labor Statistics, IHS Global Insight.

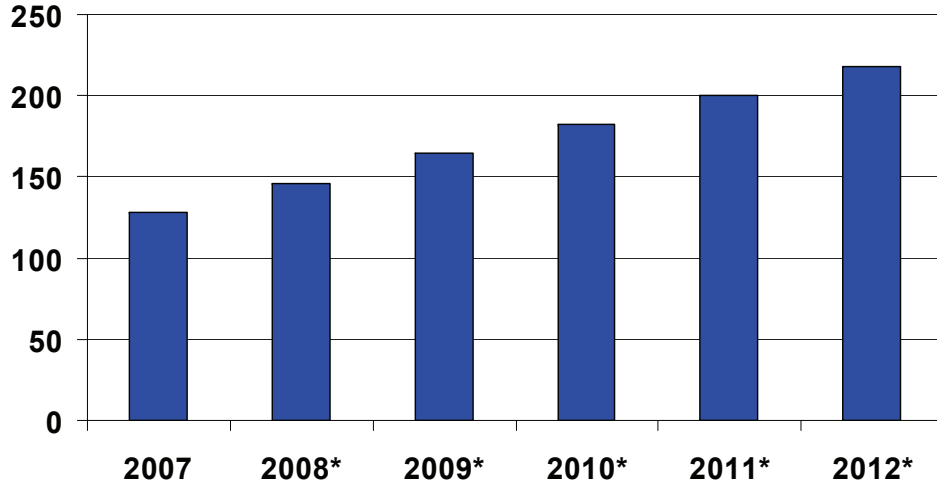
U.S. retail e-commerce sales

2007-2012



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US\$ billions



*projected

Source: eMarketer.

Aspirational to Desperational Spending Shift

Expect shift to drive several consumer behavior changes

Was:

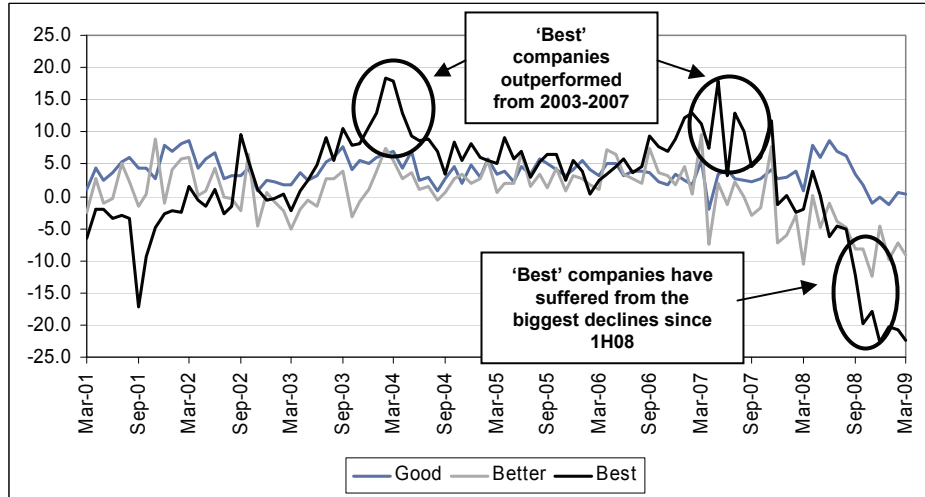
- 1 Eating out
- 2 Ostentatious
- 3 Assortment to higher-end
- 4 Wine & spirits
- 5 Line extensions
- 6 Branded
- 7 Do it for me
- 8 Lavish vacations
- 9 Luxury autos

Is:

- Eating at home
- Practical
- Remerchandised
- Beer
- Core brands
- Private label
- Do it yourself
- Staycations
- Non-luxury autos

High end was flying high and now hardest hit

Same store sales comparisons across good, better and best retailers



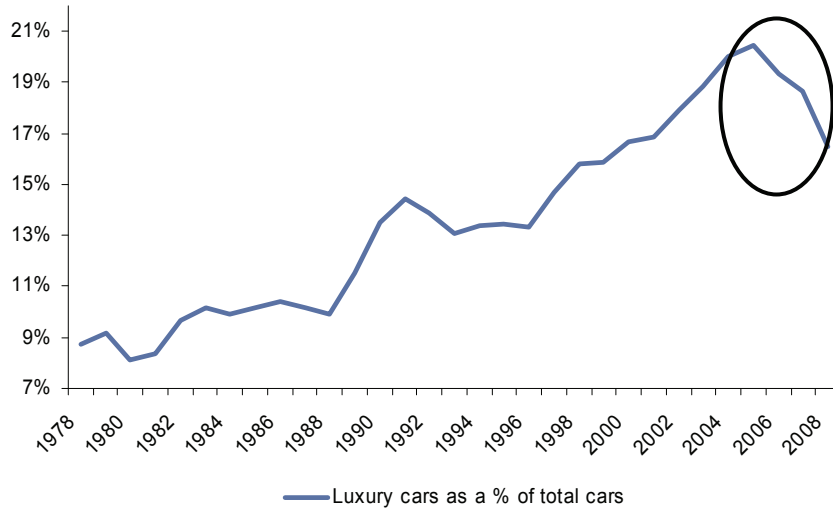
Source: Goldman Sachs Research; Company data.

Luxury losing horse power

Luxury car sales have fallen as a % of total cars



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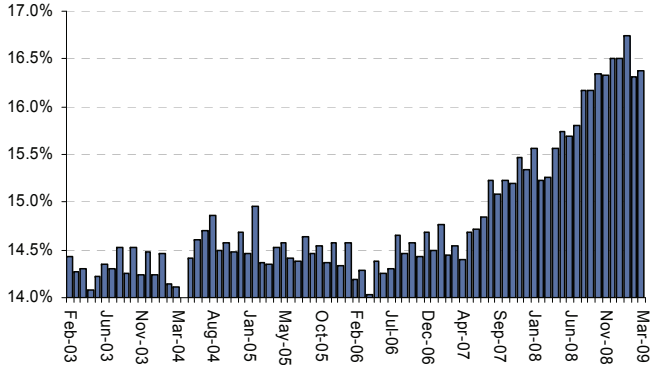


Source: Wards and Goldman Sachs Estimates

Private label...the brand of the year

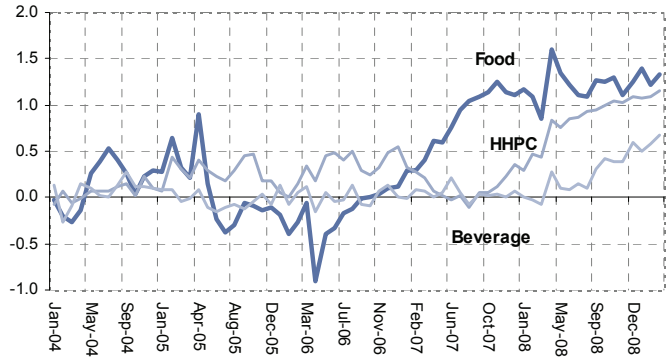
Private label penetration increasing across all sub-sectors

Private label share has picked up...



Sources: AC Nielsen.

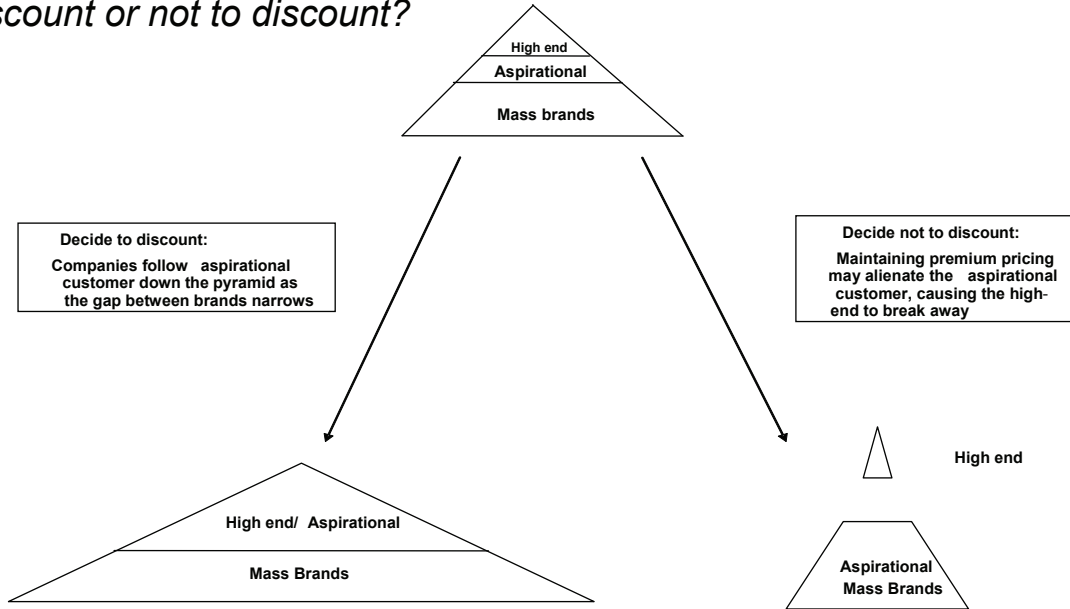
... with all sub-sectors \$ share increasing yoy



Sources: AC Nielsen

Shift ushers in critical pricing crossroads

Decide to discount or not to discount?



Source: Goldman Sachs Research; Company data.



EMOTION & PROMOTION

- Challenge – move from “Fashionista” to “**Recessionista**”
 - Greater rationalization around consumer spending
- BCBGMAXAZRIA response – drive purchasing based on **EMOTION** and **PROMOTION**
 - **Emotion** – emotional connection to brand must overcome rationalization not to purchase
 - **Promotion** – Expand channels and strategies to communicate value proposition

EMOTION & PROMOTION

EMOTION – further elevate brand value to connect with consumers and inspire *passion*

- Celebrity styling
- Runway shows
- Renowned ad campaigns
- Editorials in critically acclaimed fashion publications





EMOTION & PROMOTION

PROMOTION – expand channels and strategies to communicate value propositions

- Elevated positioning of “Sale” strategy
- Multi-brand E-Commerce site
- Creative Merchandising and Window displays
- Strategic Electronic & Direct Mail campaigns



DIVERSIFICATION

Strategy – Reduce risk thru DIVERSIFICATION

- *BRANDS* – 21 brands at all price-points
- *BUSINESS MODELS* – “Traditional” & “BCBG Innovative”

Traditional

- Retail
- Outlet
- Wholesale
- Licensing
- E-Commerce
- International

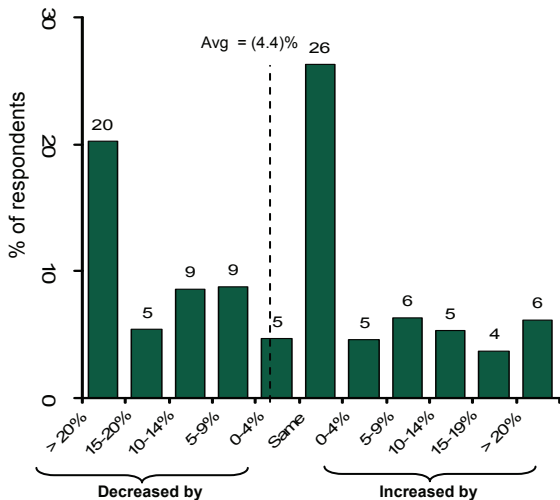
BCBG Innovative

- “Partner” shops for Retail
- “Hybrid” shops for Wholesale

- *GEOGRAPHY* - global presence in 40 countries

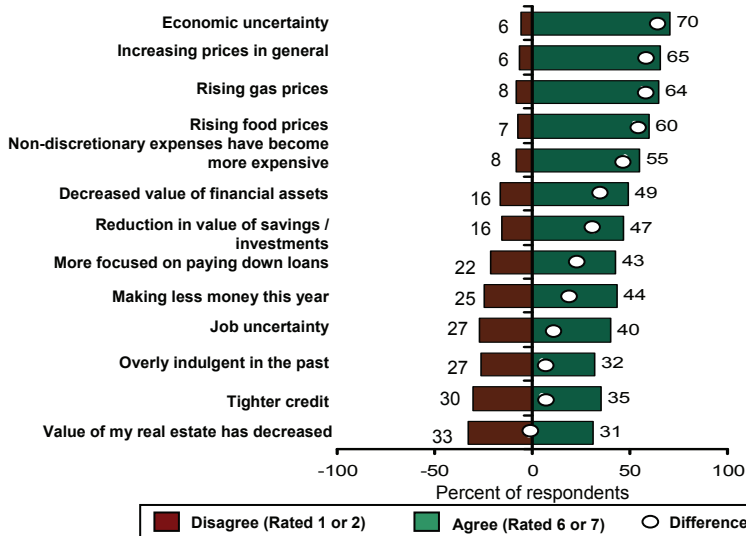
Economic uncertainty and rising prices have caused consumers to reduce their spending

Change in Overall Spending over the past year*

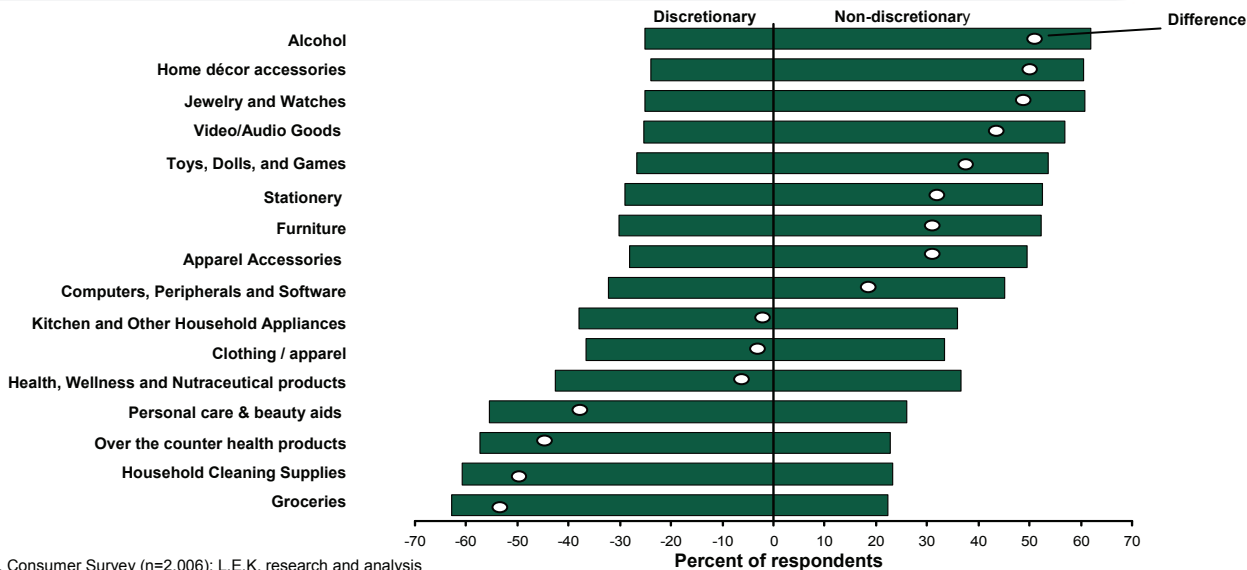


Source: LEK Consumer Survey (n=2,006)

Reasons for decrease in overall spending**

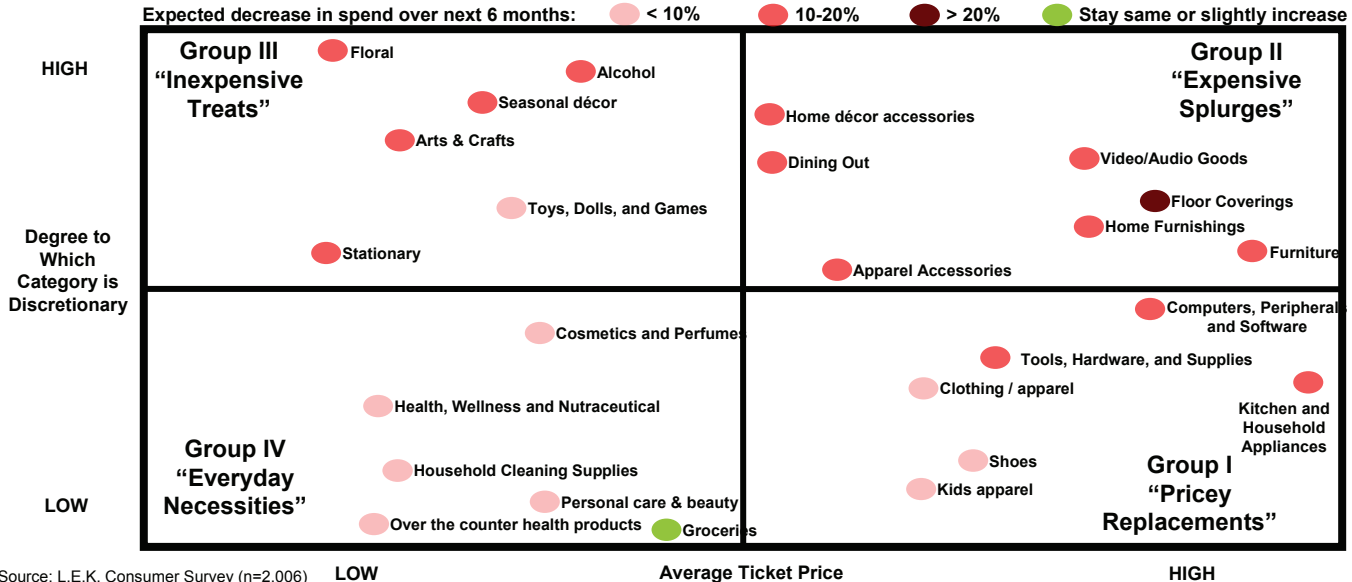


Staples such as Groceries, Cleaning Supplies and OTC Health Products were rated least discretionary



Source: L.E.K. Consumer Survey (n=2,006); L.E.K. research and analysis

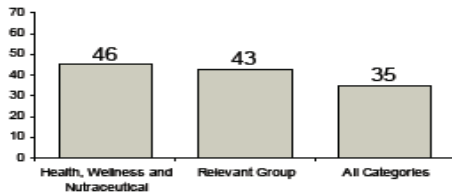
Consumers plan to cut their spending the most on discretionary and higher ticket items



Health, Wellness & Nutraceutical spending is expected to be relatively stable over the next 6 months

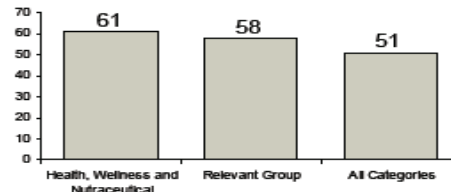
No change in spending over the past year

Percent of respondents



No change in spending over the next 6 months*

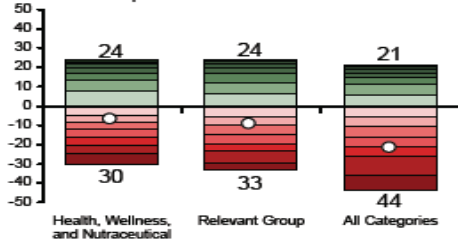
Percent of respondents



○ Percent difference between respondents who decrease vs. increase their spend

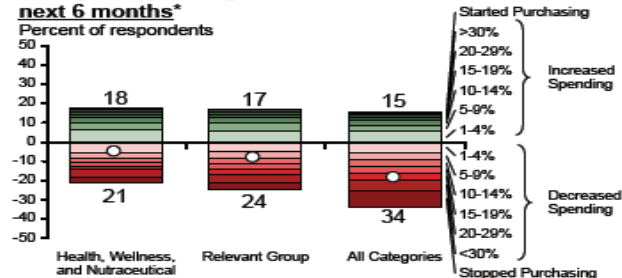
Change in spending over the past year

Percent of respondents

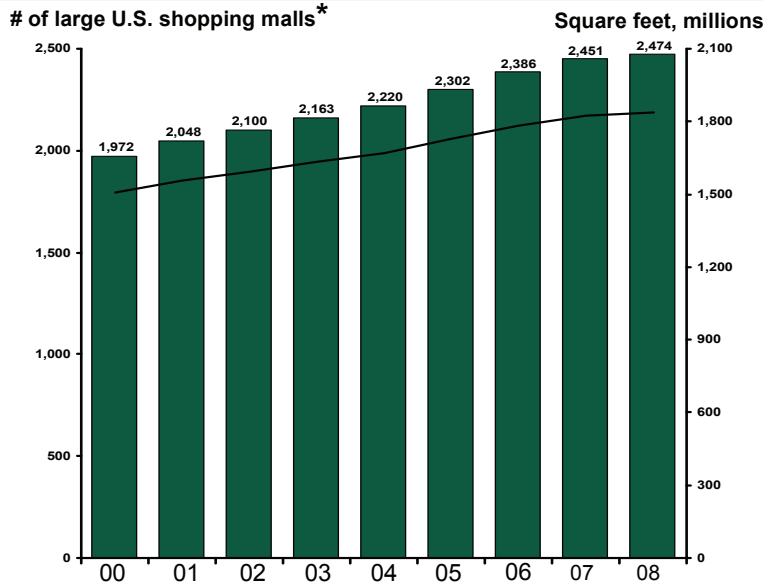


Change in spending over the next 6 months*

Percent of respondents



Historical mall growth rates will likely stall



Some concepts like lifestyle malls will continue to thrive

Type of mall, 2008**	Percent
Super centers	17%
Regional malls	33%
Lifestyle centers	23%
Power centers	27%

Note: *Shopping centers with over 400,000 square feet, **Type of mall numbers approximated from data available through Directory of Major Malls
 Source: ICSC Research, May 2008, Factiva