



July 11, 2008

Lion Apparel Response to Sweatfree Communities Report

Lion Apparel takes its Worldwide Code of Conduct very seriously and we're investigating the allegations made against Alamode in the Sweatfree Communities report. Our employees visit our subcontractors' factories, including Alamode, on a regular basis. No evidence of violations of any type has been observed by or reported to any Lion employee at this facility. We have also received other third party audit certifications regarding this factory showing no material violations.

We complied with requests for information and assisted in arranging the Workers Rights Consortium audit that took place on June 19 at Alamode. This is the only visit to the factory by monitors authorized by WRC of which we were informed or are aware. We had not been informed by WRC of any of the allegations in the Sweatfree Communities report prior to its release, and they only shared the allegations when we inquired about them.

Until we received this e-mailed draft report on July 1, Lion was unaware of the allegations made in it, other than a reference made by WRC in an email dated May 19, 2008. Our employees have visited this facility many times and none of the alleged conditions or activities was in evidence. We are also aware that no violations had been found during several previous independent compliance inspections commissioned by other US companies that do business with Alamode.

After being informed of the allegations, we immediately sent a formal letter of inquiry to the management and owner of the factory. They have been cooperating with us and they initiated their own fact finding efforts. At Alamode's request, ICG, an independent auditor certified to do WRAP certifications, inspected the plant on July 5, 2008. ICG did a full WRAP compliant audit as an investigation of the specific allegations contained in the Sweatfree Communities report. The independent ICG report substantiates that there are no violations. The ICG report also contains photographs showing excellent working conditions in the factory. ICG interviewed and photographed a number of pregnant women working at the plant, to dispute the allegation that working women are required to undergo pregnancy annual pregnancy tests in March so that Alamode can avoid paying maternity leave benefits.

The following actions are scheduled to be taken by Lion Apparel and the management of Alamode:

1. A Lion Apparel company employee is scheduled to inspect the facility and do our own confirming assessment on July 24, 2008.
2. The Alamode facility is working with the Honduran Ministry of Labor to obtain a governmental certificate of compliance with all Honduran wage and labor laws by the end of July 21, 2008.
3. The management of Alamode is arranging for ongoing certification of the plant to Worldwide Responsible Apparel Production (WRAP) Standards.
4. Lion Apparel is waiting for WRC's report of their subcontractor EMIH's June 20, 2008 factory visit. We will address any additional concerns with WRC and the Alamode factory.

If we obtain any information indicating that corrective action is necessary, we will work with the factory management and ownership to ensure compliance with our Worldwide Code of Conduct and all applicable state, local and federal laws.