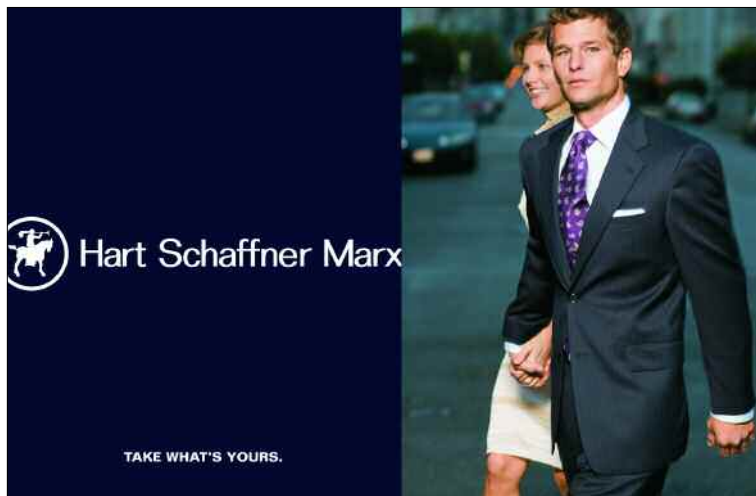




# Hart Schaffner Marx



## THE MARKET

America's clothing industry is an enormous and booming market, with an estimated \$181 billion total sales in 2005 — \$5 billion on suits and sportcoats alone. But perhaps most interesting is that for the first time in years, demand for men's apparel is growing faster than women's.

Hart Schaffner Marx's market consists of men who seek out high-quality suits, sportcoats, sportswear, and formalwear. With garments retailing from \$695 to \$1,500, Hart Schaffner Marx caters to a customer willing to invest a little more in his image via fine fabrics, quality tailoring, and a superior fit.

After a significant shift toward corporate casual in the 1990s, dressing professionally is once again on the rise. A recent Reuters analysis stated, "While T-shirts and faded jeans set the style standard for men during the late 1990s, suits and ties have made a comeback. . . . Now it's about showing people that you can rise above the rest."

Hart Schaffner Marx has long set the standard for style in the American office — but now it's emerging from the boardroom, offering a powerful and stylish look for successful men in all aspects of their lives. Tailored clothing is gaining popularity on the social scene, with suits and sportcoats becoming more versatile than ever.

This recent development has come as younger men flex their style in a market once dominated by a relatively older, more corporate crowd. "Young men have finally 'discovered' the suit," said NPD Group, a market research firm. As a result, tailored clothing today is increasingly marketed with an emphasis on lifestyle.

## ACHIEVEMENTS

Hart Schaffner Marx enjoys a long tradition as a pacesetter and innovator for American tailored

clothing. The eagerness to try fresh tactics was apparent early on. As World War I came to a close, American soldiers were greeted with signs in France that said "Stylish clothes are ready for you in the good old USA. All wool, guaranteed by Hart Schaffner Marx."

Constantly searching for new and attractive features, Hart Schaffner Marx was the first to create proportioned suits with basic body types in 1906, introducing tall, short, stout, and thin suit models. In what was considered a radical and dangerous move at the time, Hart Schaffner Marx caused quite a stir in the industry by introducing the zipper in pants in 1936, and the first Dacron® polyester and wool suit in 1953.

Some of America's most cherished icons have trusted Hart Schaffner Marx: Ronald Reagan, Dwight Eisenhower, Bob Hope, Johnny Carson, Rock Hudson, and Jack Nicklaus, to name just a few. Today Hart Schaffner Marx continues to dress high-profile personalities in the sports and entertainment world, including stars of primetime network hits and cutting-edge HBO shows.

## HISTORY

It was amidst the ashes of the Great Chicago Fire that brothers Harry and Max Hart opened their first men's apparel store in 1872. Later joined by their innovative cousin Joseph Schaffner, the clothing firm Hart Schaffner & Marx was officially born in 1887. ("Marx" comes from a brother-in-law with limited involvement.)

As the United States moved into the 20th century, Hart Schaffner Marx grew in size and prominence by keeping a finger on the pulse of American style. When advertising was unheard of in the apparel industry, Schaffner took \$5,000 of the firm's profits to launch the first men's clothing advertising campaign in 1897.

The horse-and-rider trademark first appeared in 1914; originally with a lance, it would later evolve into the trumpeter seen today. During both world wars, Hart Schaffner Marx converted factories from fashion to army and navy officers' uniform contracts. Then, when the end of World War II

signaled a mass migration to the suburbs, Hart Schaffner Marx signed on with one of the first newly built suburban shopping centers — a revolutionary move at a time when only downtown clothing stores were thought to be profitable.

In 1983, the new corporate name became Hartmarx Corporation, of which Hart Schaffner Marx is a subsidiary. Carried in over 1,000 stores across the United States, Hart Schaffner Marx continues to be the flagship brand and a leader in men's clothing.

Today Hartmarx is the largest suit maker in America, overseeing five diversified businesses: Luxury, Tailored, Sportswear, Womenswear, and International. Hartmarx also manufactures and markets a number of other prominent apparel brands such as Hickey Freeman, Bobby Jones, and Jack Nicklaus.

## THE PRODUCT

Hart Schaffner Marx crafts better suits, sportcoats, trousers, formalwear, sportswear, shirts, ties, and accessories along four different lifestyle segments:

*Travelor* is a contemporary line aimed at up-and-comers with something to prove. High-twist fabric and nanotechnology resist wrinkles, water, and stains — tailored to survive a guy's night out, true to the tagline "Live now, sleep later."



The classic *Hart Schaffner Marx* line (known in-house as "HSM Blue Label") complements a confidence not confined to the boardroom. With a timeless silhouette inspired by the fearless and fashionable, the brand expresses how today's ambitious man works, lives, and loves.



The *Gold* man is an admirable American success story. Luxurious but never flashy, this prosperous gentleman enjoys the finer things in life — refined styling, richer palette — without losing sight of his true priorities: his family, his country, his legacy.

*Monogram* speaks to the wealthy, worldly man ready to enjoy the incredible opportunities made possible by his success. With superior construction and meticulously handcrafted details, *Monogram* apparel suits the man accustomed to the best.

Sourcing fabric from the finest mills in the world, Hart Schaffner Marx apparel is crafted with a quality and sensibility that lasts for decades. The stylish modern man deserves no less.

#### RECENT DEVELOPMENTS

Entering its third century with distinction, the original great American suit maker is embarking on one of the most exciting times in its long and storied history.

A recent move to sell apparel based on lifestyle — not just product — has led to the development of the four distinct brand segments described earlier: *Travelor*, *Hart Schaffner Marx*, *Gold*, and *Monogram*.



Supplementing the tailored clothing category are new collections of sportswear, dress shirts, and neckwear. As always, Hart Schaffner Marx continues to parlay its brand strength into complementary product categories to offer the modern man a complete lifestyle package.

Although each brand segment features a label with logo and color scheme tailored to its specific personality, common elements include the modernized horse icon and the date 1887 — an homage to the company's proud heritage.



#### PROMOTION

The year 2006 has long been earmarked as a watershed year for Hart Schaffner Marx. This iconic brand is being reenergized with the support of a major promotional effort, which includes the development of colorful product packaging and a new advertising campaign.

Buzz began swarming with a series of prominent and provocative trade ads that hinted at an upcoming coup in the fashion industry. Early 2006 witnessed a product exodus from the Manhattan showroom to significant New York and Chicago trade shows, where the movers and shakers of men's fashion first caught a glimpse of the new HSM.

Leading up to a full-scale product launch in Fall 2006, consumer advertising carried the torch with interweaving images of ambition, romance, ruthlessness, and passion — creating a visual epic inspiring men from coast to coast. Direct mail, point-of-purchase displays, national advertising, and entertainment partnerships constantly evolve to meet the needs and dreams of the modern American man.

In an industry where customers often turn to professional expertise, Hart Schaffner Marx has

a long-standing history of strong relationships with the best retailers in the country. These close partnerships are essential for maintaining a dominant market presence, empowering Hart Schaffner Marx to effectively reach new and existing clientele.

#### BRAND VALUES

As the largest men's tailored clothing company that develops, produces, owns, and operates in the United States, Hart Schaffner Marx proudly emphasizes its role as the true American clothing brand.

As such, Hart Schaffner Marx has always aspired to give the American man what he wants. While some may chase trends and seek out flamboyant fashion, the HSM man wants to convey a successful image with a brand name he can trust. Though his style may lean classic, he's not afraid to take on a more fashion-forward attitude.

By providing quality and comfort with an unparalleled sense of style, Hart Schaffner Marx fuels confidence and ambition. A world where more men are successful, powerful, and prosperous is a world tailored by Hart Schaffner Marx.

#### THINGS YOU DIDN'T KNOW ABOUT HART SCHAFFNER MARX

- All Hart Schaffner Marx suits and sportcoats are made in the USA — the largest men's tailored clothing brand that can make that claim.
- Over 200 people actually touch a Hart Schaffner Marx suit from receipt of fabric to shipment of the final product.
- In 1897, Hart Schaffner Marx was the first suit maker to advertise nationally.
- Hart Schaffner Marx twice "went to war," turning its plants over to the U.S. government for uniform production.