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# HUGO BOSS

HUGO BOSS AG Postfach 1252 D-72543 Metzingen

Congress of the United States  
House of Representatives  
Mr. Denis J. Kucinich  
2445 Rayburn House Office Building  
Washington, D.C. 20515  
USA

November 09, 2009

## Your letter dated October 29, 2009

Dear Mr. Kucinich,

Thank you for your letter and your open words. The message was forwarded within the managing board and touches my area of responsibility.

We understand your concern for the employees as well as your intent to make us reconsider the situation with regard to HUGO BOSS Cleveland Inc.. As a matter of fact, nothing has been decided so far, and we are yet waiting for another meeting with the labor union, scheduled for coming Thursday. Nevertheless, we would like to provide you with some background information on the negotiation process.

To begin with, it is necessary to understand that the production plant in Cleveland has not been working profitably for many years. Not only is the actual production capacity never fully utilized with a limited production range of one single basic suit style. More importantly however, Cleveland is not at all competitive in comparison to other HUGO BOSS factories and third party productions.

Our management has been trying to encourage productivity in Cleveland but faces the problem that the factory has not sufficiently developed their textile knowhow. The region generally suffers a lack of qualified staff and according education which is why we were not able to expand the production range and exploit the full capacity of the site. Another substantial deficit is the lack of high quality fabric base in this area to fit the distinct quality demand for our suits. Management has approached the labor union several times and discussed the structural difficulties in order for them to seek solutions. Unfortunately, no proposals or improvements emerged from such occasions.

HUGO BOSS has been investing several million US Dollars per year to actually keep the Cleveland factory running. You will be able to understand that we cannot account for such an expense any longer facing our own investors and an uncertain market development. This is why we had to present a new contract proposal to the labor union which demands substantial pay cuts and the suspension of staff, but remains the only

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possibility to improve the financial situation of the factory. Even then, maintaining the site in Cleveland would require further subsidies.

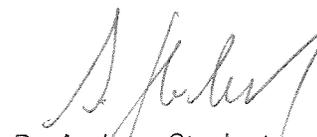
The labor union understandably didn't react well to the proposal, but hasn't made a final statement on whether or whether not they will be open to accept this compromise. We will have to wait and see how the negotiations next Thursday go.

We will be glad to keep you updated on the further development and hope that you have a better picture of the situation now.

Sincerely yours,



Claus-Dietrich Lahrs  
Chairman of the Managing Board  
HUGO BOSS AG



Dr. Andreas Stockert  
Chief Operating Officer  
HUGO BOSS AG