

PRESS RELEASE

**LIZ CLAIBORNE INC. AND LI & FUNG ENTER INTO LONG TERM BUYING  
AGENCY AGREEMENT**

*Hong Kong, 23 February 2009* – Hong Kong-based global consumer goods exporter Li & Fung Limited (“Li & Fung” or “the Group”, SEHK: 494) and Liz Claiborne Inc. (NYSE: LIZ), today announced that they have agreed to enter into a long-term, exclusive Buying Agency Agreement whereby Li & Fung will act as the primary global apparel and accessories sourcing agent for all brands in the Liz Claiborne Inc. portfolio, including Lucky Brand, Juicy Couture, Kate Spade, and Isaac Mizrahi designed Liz Claiborne New York with the exception of the jewelry product lines. Li & Fung will continue as the sourcing agent for Mexx as previously announced and will be Mexx’s exclusive sourcing agent going forward. Completion of the arrangements is expected to take place in the first quarter. Liz Claiborne Inc. will pay going forward an agency commission of its product purchases through Li & Fung.

William McComb, CEO of Liz Claiborne Inc., commented on the announcement, “Liz Claiborne Inc. was one of the first apparel companies to source product in Asia, building a robust, global sourcing organization that quickly became a competitive advantage that was leveraged for many years. The manufacturing world has changed dramatically in recent years with the elimination of quota and other globalization factors. Liz Claiborne, Inc. is now changing as well. Managing our large, complex sourcing strategies and teams throughout Asia in a cost effective and brand appropriate manner from the U.S. does not offer the flexibility we need to meet the demands of our consumers efficiently and to deliver to them the best designs with the best price-value and quality. Given this reality, we have made the decision to reconsider what our core competencies are across our entire business and determined that our ‘one size fits all’ sourcing model does not align well with our brand-centric strategy – a strategy that requires each brand to build separate and unique sourcing plans based on specific requirements. In

addition, our experience with Li & Fung from Mexx Canada and more recently Mexx Europe validates that an organization like this will intensify our ability to execute our brand-centric strategy.”

Mr. McComb continued, “With Li & Fung as a partner, our brands will have access to a vast, worldwide network of manufacturing partners and best-in-class systems, management and talent – all of which give us more flexibility and a better competitive position. Greater buying power will enhance our going in margins, and disciplined execution will improve our speed-to-market. Bottom line, this is the optimal way to address the issues with our current sourcing infrastructure and a significant strategic opportunity that will enable us to deliver high quality, irresistible product to our consumers and retailers around the world.”

Mr. Bruce Rockowitz, President of Li & Fung, commented: “We are very excited to see the successful execution of this strategic partnership with Liz Claiborne. Last year’s Mexx outsourcing deal has proven the extraordinary value Li & Fung can add to one’s supply chain of products and services. In this case, not only are we confident that Li & Fung will contribute to more efficient sourcing through our global sourcing network of over 80 offices in over 40 economies, we are also equally confident that Li & Fung’s dedicated teams of sourcing professionals which comprise a wide spectrum of expertise will help address the specific needs of each brand, and enable us to deliver quality and attractive products to further strengthen the positioning of these brands.

“This is a very strategic outsourcing deal for Li & Fung. Our overall sourcing platform in the brands business will be further enhanced as this deal brings in a number of prestigious brands like Kate Spade, Juicy Couture and Lucky Brand. This is one of the best portfolios of high profile brands in the world, and a great addition to Li & Fung's existing customer base. In addition, the deal helps us to continue to gain market share and contribute to our bottom line in a very difficult market. Undoubtedly, we expect it will attract more outsourcing deals to Li & Fung in the future.”

Pursuant to the arrangement, Li & Fung will take over the sourcing operations of Liz Claiborne and pay to Liz Claiborne an amount equal to US\$75 million on completion and an amount not exceeding US\$8 million to be payable within 14 days after completion.

**- Ends -**

#### **About Liz Claiborne Inc.**

Liz Claiborne Inc. designs and markets a global portfolio of retail-based premium brands including Kate Spade, Juicy Couture, Lucky Brand and Mexx. The Company also has a refined group of department store-based brands with strong consumer franchises including the Liz Claiborne and Monet families of brands, Kensie, Kensiegirl, Mac & Jac and the licensed DKNY® Jeans Group. For more information visit [www.lizclaiborneinc.com](http://www.lizclaiborneinc.com).

#### **About Li & Fung**

Li & Fung is the world's leading consumer goods supply chain management company, managing the supply chain for retailers and brands worldwide. Headquartered in Hong Kong, the Group services its customers globally through a sourcing network of over 80 offices in more than 40 economies. Corporate website: [www.lifung.com](http://www.lifung.com)

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