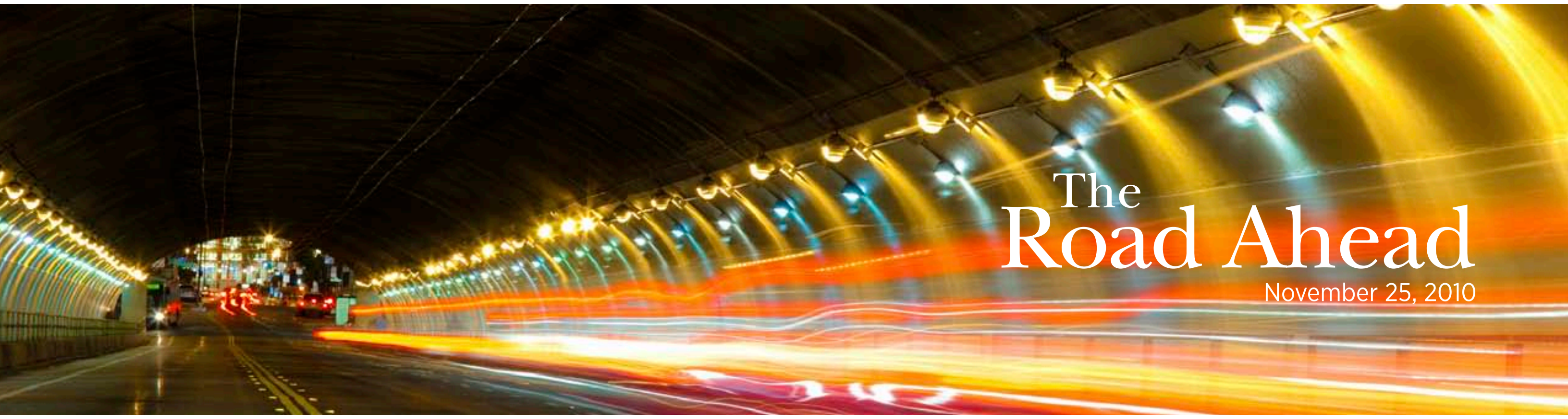
TRIMARK
SPORTSWEAR GROUP



Destination Set

As we approach the end of 2010 and begin to forecast into 2011, I wanted to share our outlook at Trimark Sportswear Group. While there are definite signs that allow us to be bullish in 2011, the Road Ahead will require some careful navigation.

The economy in Canada has a strong financial foundation and continues to show strength relative to the US. Having said that, both markets are rebounding well, with an increased demand in many industries. While there is still uncertainty, we are cautiously optimistic as we forecast growth for next year. Keep in mind many industries remain uncomfortable to increase capital expenditures and headcount, instead looking for outsourced or variable cost solutions to support their infrastructure.

At Trimark, we see this as a time to continue to invest in our back-office infrastructure while we work hard to continue to gain market share. During 2010 we have made significant investments in our warehousing systems and our sales team as well as changes to our organizational structure to better suit the changing landscape. We remain focused on our employees and through them our customers.

In addition to the market uncertainty, there are significant changes within the supply of our products. I recently traveled to Asia with our design team and witnessed significant changes. Some of these changes are relatively short-term, while others may be lasting and will likely transform our sourcing practices for the years to come.

1) Labour Shortages: Many of their youth are no longer satisfied to work in the factories as their parents have done, which is creating an aging employee base. This coupled with the transition to higher value-added manufacturing sectors is creating labour shortages in the apparel sector. Many factories lost over 30% of their workforce in February, 2010 following Chinese New Year, and many expect similar reductions again in 2011.

2) Rising Domestic Demand: Within China there is a dramatic shift as their domestic demand is increasing due to increased wealth among the middle class, which reduces the capacity available for exports. This is further compounded by a surging demand for exports, as retailers fill their shelves after the recession.

3) Increased Wages: To combat this decrease in labour and increased inflation, wages are increasing up to 80% year over year. Much of this is unavoidable and will be a long-term issue throughout Asia.

4) Longer Lead Times: There is a shift in apparel manufacturing from China to other developing nations, such as Cambodia, Bangladesh and Vietnam to name a few. This is similar to past shifts from countries such as Indonesia and Thailand. However, as we move to these developing nations we are faced with increased lead times as they do not have the infrastructure we have become accustomed to in China, and most need to import the raw materials from China.

5) Higher Raw Material Costs: In addition to these changes, cotton prices have soared to unprecedented highs due to an imbalance in the supply and demand. As cotton is a renewable resource the balance is likely to be restored, but it could take up to two years. The surge in cotton prices is a result of both increased demand post recession and supply issues due to flooding in Pakistan and poor crops due to weather in India and China. The price of cotton has increased over 80% since July as speculators have entered the market.

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With this as the backdrop we wish to detail the action steps we have taken. We continue to spread our production across many countries reducing the impact of anyone country's fluctuations.

We remain focused on innovation and therefore synthetic fabrics, consequently we are not heavily reliant on cotton, but we are not totally insulated from cotton prices. Today many apparel makers are switching to synthetics to avoid cotton and we are now experiencing similar price increases across synthetic fibers.

With substantial levels of inventory we have a built-in lag to the effect of these cost increases, though it does immediately impact replenishment orders resulting in modest price increases as we move into 2011. However, we anticipate more significant price increases of up to 10-20% in certain categories during the year.

Moving to these developing nations requires longer lead times and more detailed forecasts, creating deeper investments in inventory. We have made these investments and it has resulted in our very strong inventory position for Fall 2010.

As part of our inventory strategy we are reducing inventory in slower moving styles to allow for deeper inventory in fast moving categories. This is an area where you can provide your customer with outstanding value and assist us to balance inventory investments. To this end, we recently launched a Holiday Edition of our Value Price catalogue, highlighting styles with strong inventory levels, to make it easy for you to take advantage of these opportunities.

Despite the conditions we face, our team continues to find fabric and manufacturing innovations, which will excite your customers and drive the industry forward. Early in 2011 we are launching a new product category and a new retail license, which will compliment our newest Trimark collection. I realize I am biased, but I am extremely excited by these new additions and look forward to your feedback.

In an effort to strengthen our partnership with our valued partners, I hope this information helps you navigate the current landscape and assists you in forecasting 2011. On behalf of everyone at Trimark, I wish to thank you for your continued partnership and loyalty and we hope you have a prosperous Holiday Season.

Sincerely,

Will Andrew
President,
Trimark Sportswear Group