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G-III Apparel Group Closes Acquisition of Donna Karan International

NEW YORK--(BUSINESS WIRE)-- G-III Apparel Group, Ltd. (NASDAQ:GIII) announced today that it has completed its acquisition of Donna Karan International, Inc., parent of the Donna Karan and DKNY brands.

Morris Goldfarb, Chairman and Chief Executive Officer of G-III, commented, "Donna Karan International is a transformative addition to our global portfolio of iconic brands and enhances our position as a fashion leader. We believe there is a need for these brands in the market and that DKNY alone has the potential to generate \$1 billion in annual sales. Working closely with our partners and through our strong licensing network, we are confident we can quickly bring to market a comprehensive and compelling lifestyle offering that will restore the DKI brands to prominence and excite consumers."

Mr. Goldfarb continued, "We have always sought to build our business in a way that will provide us with long-term sustainable growth. DKI's brands - DKNY, Donna Karan and DKNY Jeans - fit squarely with that strategy and are now part of the powerful G-III portfolio that includes Calvin Klein, Karl Lagerfeld and Tommy Hilfiger. Donna Karan is an excellent growth catalyst for our company and we are well positioned to continue to capitalize on the significant opportunities ahead."

Transaction Details

G-III funded the total purchase price of \$650 million, subject to certain adjustments, with a combination of (i) cash, (ii) \$75 million of newly issued shares of our common stock to LVMH and (iii) a \$125 million junior lien seller note, of which \$75 million in principal amount has a six and a half year maturity and \$50 million in principal amount has a seven year maturity. The cash portion of the purchase price was paid from the proceeds of a \$350 million six-year senior secured term loan, and the balance from borrowings under a \$650 million five-year senior secured asset based revolving credit facility and cash on hand. The new revolving credit facility refinanced and replaced the Company's existing credit facility.

Barclays acted as the exclusive financial advisor to G-III. Norton Rose Fulbright US LLP and Simpson Thacher & Bartlett LLP acted as legal advisors to G-III. Barack Ferrazzano Kirschbaum & Nagelberg LLP acted as legal advisor to LVMH.

About G-III Apparel Group, Ltd.

G-III is a leading manufacturer and distributor of apparel and accessories under licensed brands, owned brands and private label brands. G-III's owned brands include Donna Karan, DKNY, Vilebrequin, Andrew Marc, Marc New York, Bass, G.H. Bass, Weejuns, G-III Sports by Carl Banks, Eliza J, Black Rivet and Jessica Howard. G-III has fashion licenses under the Calvin Klein, Tommy Hilfiger, Karl Lagerfeld, Kenneth Cole, Cole Haan, Guess?, Jones New York, Jessica Simpson, Vince Camuto, Ivanka Trump, Ellen Tracy, Kensie, Levi's and Dockers brands. Through our team sports business, G-III has licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, Hands High, Touch by Alyssa Milano and more than 100 U.S. colleges and universities. G-III also operates retail stores under the Wilsons Leather, Bass, G.H. Bass & Co., Vilebrequin and Calvin Klein Performance names.

Statements concerning G-III's business outlook or future economic performance, anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters are "forward-looking statements" as that term is defined under the Federal Securities laws. Forward-looking statements are subject to risks, uncertainties and factors which include, but are not limited to, reliance on licensed product, reliance on foreign manufacturers, risks of doing business abroad, the current economic and credit environment, the nature of the apparel industry, including changing customer demand and tastes, customer concentration, seasonality, risks of operating a retail business, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, possible disruption from acquisitions and general economic conditions, as well as other risks detailed in G-III's filings with the Securities and Exchange Commission. G-III assumes no obligation to update the information in this release.

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