

Guess?, Inc. (NYSE: GES)

Addressing The Marciano Discount

www.ABetterGuess.com

March 2022



LEGION PARTNERS

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FY refers to fiscal year (FY 22 is the year ended 1/29/2022)

Legion Partners

**\$509
million¹**

Assets under
management

40+ years

Investment
team's
combined years
of activist
experience

2012

Co-founders
Chris Kiper and
Ted White

Strategic Stock Selection

- High-quality businesses trading at a significant discount relative to their intrinsic value
- Small-cap companies which offer the greatest upside potential
- Concentrated, high-conviction portfolio based on rigorous investment criteria

Drive Value Through Activism

- Align the interests of company board and management with those of shareholders
- Have successfully placed 35 new board members at 17 of our portfolio companies since 2016 – 46% have been women and/or ethnically diverse²
- Enhance and accelerate value creation through a variety of activist strategies

Aligning with Long-Term Goals

- We are a significant stockholder in GES, beneficially owning ~2.5% of the outstanding stock
- We seek to close the valuation gap at GES by improving its corporate governance



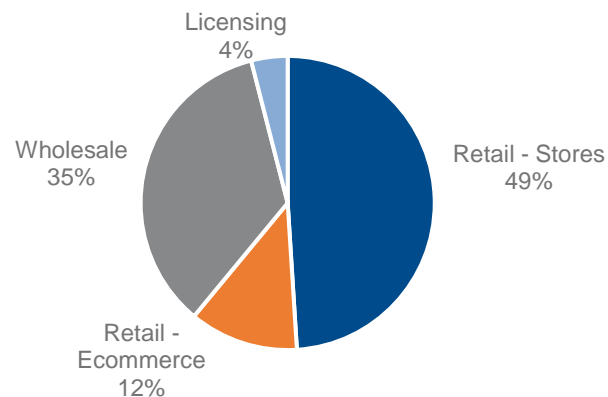
1. As of December 31, 2021. 2. This includes board members placed due to Legion settlements and direct influence through March 2022

Business Overview

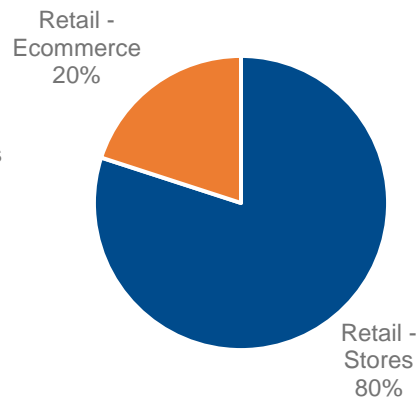
Guess (GES) is an apparel and accessories brand and retailer

- Directly operates 1,068 stores across ~100 countries and has 563 additional retail stores worldwide run by partners¹
 - Brand image viewed as fashionable and sexy
 - 3 distribution channels: direct-to-consumer (DTC, ~61% of revenue), wholesale (~35%) and licensing (~4%)²
 - DTC ecommerce penetration of ~20%
 - Strong customer demographics – style-conscious consumers classified into 3 consumer groups
 - Heritage: very loyal customers aged 40 years and older
 - Millennial: age 25-39 who view Guess as accessible luxury
 - Generation Z: age 10-24 who view Guess as accessible luxury
- Revenue of \$2.6bn and Adj. EBITDA of \$365mm¹
- Founded in 1981 and HQ in Los Angeles, California

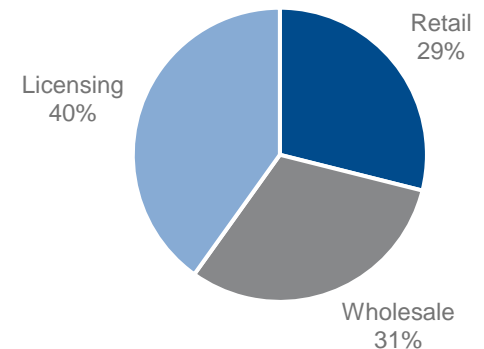
Sales by Channel²



Ecommerce Penetration in DTC²



Sales at Retail Value³



We Believe The Marciano Brothers Pose a Significant Risk to Guess' Brand, Reputation and Valuation

Section

1

At least 17 women have accused Paul Marciano of sexual harassment and/or assault

Continuous Settlement Payments and Litigation Fees

Settlements disclosed since 2018 total \$920k

Potential undisclosed settlements and legal fees

GES' own insurance carrier sued to avoid liability from Paul Marciano's pattern of alleged behavior

Significant Risk to Brand and Shareholder Value

Models hesitate to model

Consumers hesitate to consume

Investors hesitate to invest

→ **Risk to Shareholder Value**

Paul Marciano (Age: 70)

Co-Founder, Chief Creative Officer and Director, Former Chairman and CEO

22.2% ownership¹



Maurice Marciano (Age: 73)

Founder and Director, Former Chairman and CEO

19.3% ownership¹

It is time for the Guess Board to take responsibility and remove this risk to the Company

Source: SEC Filings, Media Reports, Court Filings. Picture Source: ARTnews.com

Note: 1. Ownership includes direct holdings and through affiliates; Position and shares of Common Stock outstanding as of 3/23/2022 based on GES preliminary proxy

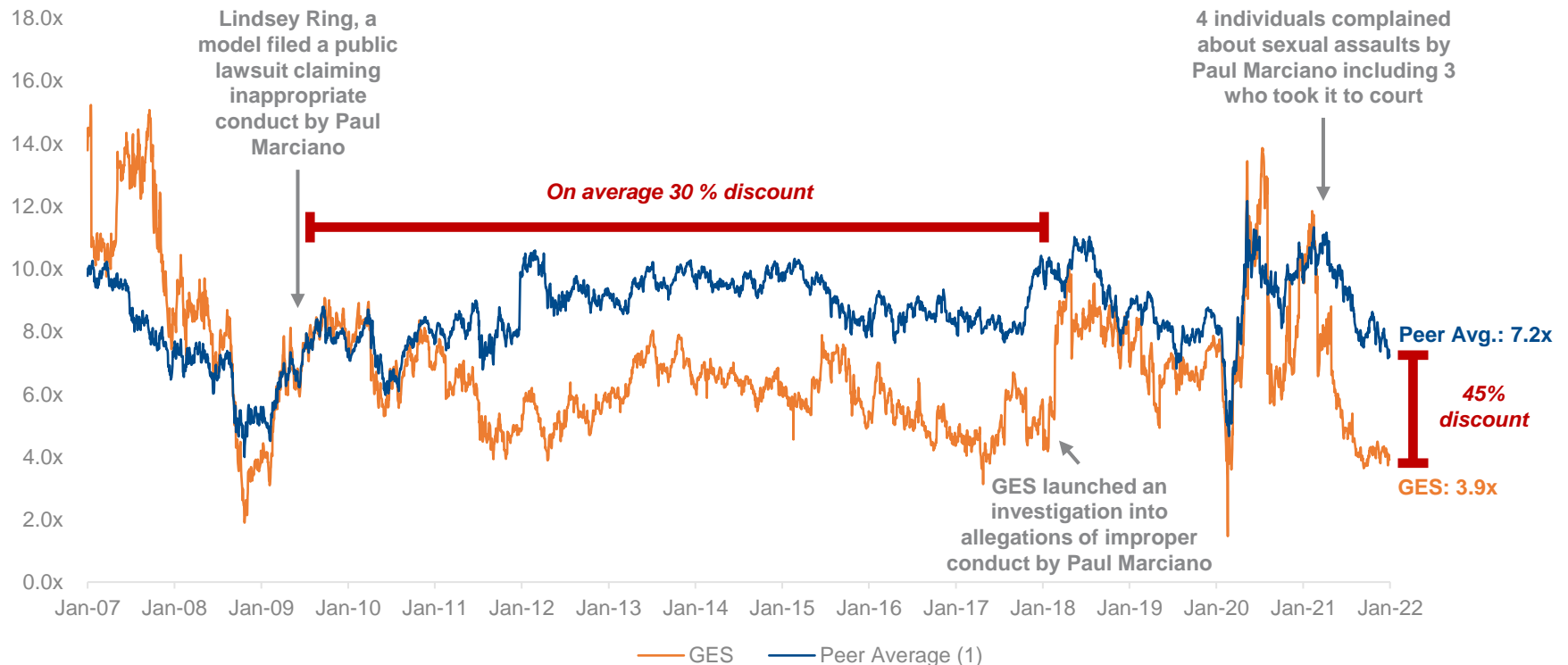
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We Believe There Is a Marciano Discount

GES seems to experience a persistent valuation discount vs. peers

- GES' TEV / EBITDA valuation gap vs. peers widened after Lindsey Ring's allegation in 2009
- While it briefly narrowed after GES launched an investigation into allegations of improper conduct by Paul Marciano, **the valuation gap has widened again to 45% since 4 more individuals complained about sexual assaults by Paul Marciano in 2021**

GES TEV / NTM EBITDA Multiple vs. Peers (15-Year)



Paul Marciano's Sexual Abuse Allegations Have Long Been Public and the Board Likely Has Been Aware

Section
1

Model Says Guess? Co-CEO Is a Masher

NICK DIVITO / September 28, 2009

TIME



SUBSCRIBE

ENTERTAINMENT • FASHION

'I'm Not Going to Let Him Intimidate Me Anymore.'
Kate Upton Speaks Out on Alleged Harassment by
Guess Co-Founder Paul Marciano
The New York Times

Paul Marciano Will Leave Guess After Sexual Harassment Settlements

Five women who accused the co-founder of unwanted attention or touching will receive \$500,000 in total.

Q Search

Bloomberg

Pursuits

Guess Chair Resigning From Harassment Probe to Stay on Board

- Investigators reviewed about 1.5 million pages of documents
- Marciano to stay involved as board member after contract ends



LAW

**GUESS?, Founder Paul Marciano Sued by
Model Over "Pervasive" Sexual Harassment
Scheme**

January 24, 2021 - By TFL

DAILY BEAST SUBSCRIBE

U.S. NEWS

'I Was Sexually Assaulted' in 1983 by Fashion Mogul Paul Marciano

'IT'S SHOCKING'

DAILY BEAST SUBSCRIBE

FASHION

Marciano Rape Accuser: Guess Mogul Is Trying to Dox Me

'TRAUMATIZING'

"No woman should have to live through this," said the ex-model—pseudonymously identified as Jane Doe—of the potential for the Guess founder to publicly reveal her name.

Diana Falzone Contributing Editor Published Dec. 14, 2021 5:02AM ET

f t e r

DAILY BEAST SUBSCRIBE

CRIME & JUSTICE

This Alleged Serial Harasser Got a Second Chance. Now He's Accused of Rape.

'SHOULD HAVE BEEN FIRED'

The Guess founder was accused of harassing multiple women, including Kate Upton, but was quietly reinstated. It was then that he allegedly raped a woman, according to a new suit.

Diana Falzone Contributing Editor Justin Baragona Media Reporter

Updated Jan. 22, 2021 6:01PM ET / Published Jan. 22, 2021 12:20PM ET

DAILY BEAST SUBSCRIBE

FASHION

'My Dreams Were Crushed': Marciano Rape Accuser Speaks Out

'SAY MY TRUTH'

The latest ex-model to accuse the Guess mogul of sexual misconduct spoke with The Daily Beast about her harrowing allegations and why she came forward now.

Diana Falzone Contributing Editor Updated Jan. 27, 2022 1:13PM ET Published Jan. 23, 2022 2:08PM ET

f t e r

rivet

GUESS FOUNDER PAUL MARCIANO SUED OVER NEW SEXUAL ASSAULT ALLEGATIONS

WWD

Model Sues Guess for 'Enabling' Paul Marciano Sexual Abuse

f Kali Hays January 22, 2021 · 4 min read TRENDING

LAW.COM

THE RECORDER

Topics ▾ Surveys & Rankings ▾ Cases ▾ All Sections ▾

NEWS

Insurer Sues Guess and Co-Founder Paul Marciano Following Sexual Misconduct Claims

This suit was surfaced by Law.com Radar. Read the complaint here.

December 28, 2021 at 11:15 PM

1 minute read

By ALM Staff

Board Continues to Keep Paul Marciano in Leadership Positions Despite Repeated Request for His Removal

Section

1



"My allegations are not the first. I strongly fear that if Paul Marciano is not stopped now and removed from Guess that he will only continue to abuse his place of power to sexually harass and assault other women. Time has proven that this is a cycle that will not end unless serious and permanent change is implemented within this company. Guess has had an opportunity to potentially end this harm from happening again by holding Paul accountable for his actions yet they have refused to even acknowledge them. It horrifies me to know he still has so much access to models."

– Jane Doe, *The Daily Beast*, 3/10/2021

"This man needs to be stopped. He's in a position where he can get away with it...I'm sure as long as this man is allowed to roam, he will hurt other women."

– Betty Toal¹, *The Daily Beast*, 4/4/2021

"There is only one way for Guess to support and protect its talent moving forward. The Board of Directors at Guess must remove Paul Marciano immediately..."

– Model Alliance, *Twitter*, 4/19/2021

"If Guess wants to create 'safe spaces' for models they need to fire Paul Marciano. Anything else is just PR."

– Lisa Bloom, *The Daily Beast*, 4/20/2021

This campaign is about improving shareholder value by driving accountability and removing the existential risk to Guess' brand we believe is posed by the continued involvement of Paul and Maurice Marciano

It is time for #ABetterGuess

Why Are We Running This Campaign?

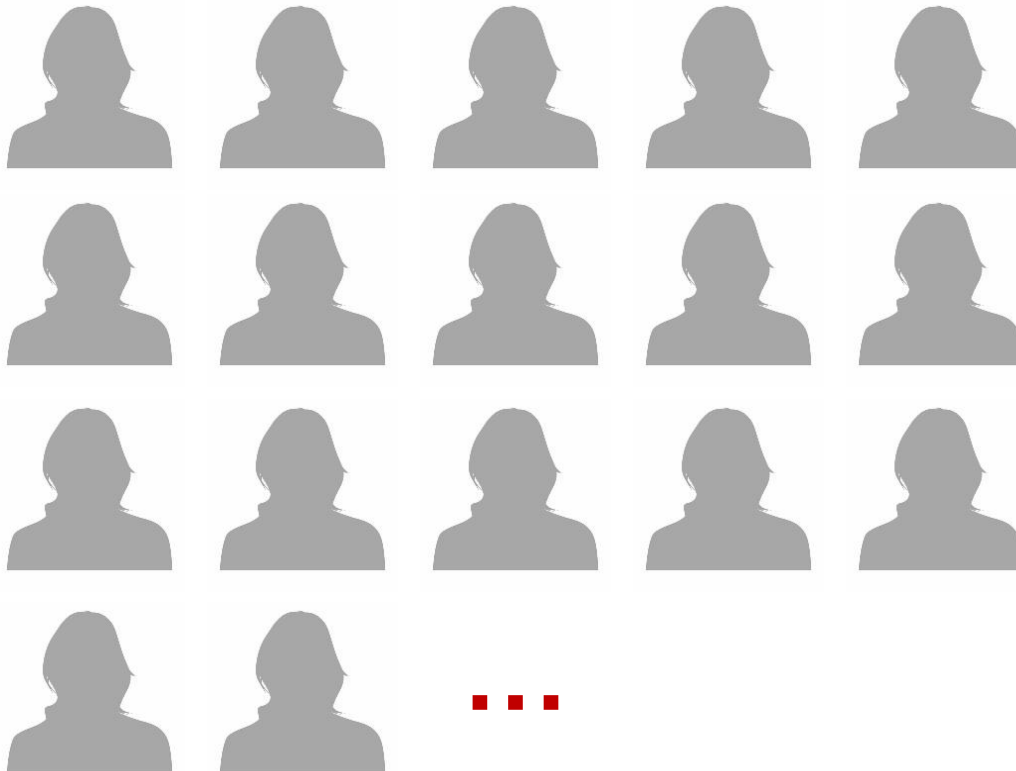
Multiple Allegations of Sexual Assault & Harassment	The Board Seems to Have Been Unable to Take Action	Time for Action
<ul style="list-style-type: none"> Paul Marciano has been the subject of multiple allegations of sexual assault and harassment Risk from Paul Marciano's alleged behavior appears to be significantly impacting GES valuation Guess' own insurance carrier has filed a complaint to avoid liability from Paul Marciano's pattern of alleged behavior Guess has paid multiple alleged victims over the years to try and contain these issues 	<ul style="list-style-type: none"> The Board has been aware of long list of allegations since at least 2009 In June 2018, the Board undertook an investigation and announced that Paul Marciano voluntarily would resign and all of his duties as Executive Chairman and Chief Creative Officer would be transitioned to Guess' CEO by January 2019, "as contemplated by the Company's succession plan" <ul style="list-style-type: none"> But then just days before Paul was meant to resign, the Board disclosed that he would remain Chief Creative Officer despite hiring a new CEO, Carlos Alberini <u>Three years later, Paul remains Chief Creative Officer receiving more compensation than Mr. Alberini in FY'21 and FY'22 combined</u> In 2021, four new allegations have come to light without any further action – at least two alleged incidents occurred after the Board reinstated Paul Marciano in January 2019 	<ul style="list-style-type: none"> We believe the removal of the Marciano Brothers is necessary to protect the Company's brand and reputation, which seems to be impacting its valuation We have concerns that the Company may be uninsurable without the removal of the Marciano brothers The multitude of related party transactions at huge expense to Guess shareholders must be removed Improved conditions for Guess models and employees will represent significant and lasting ESG improvement

We believe shareholder-driven Board change is needed to remove the Marcianos from the Board, which seems more interested in preserving the status quo than protecting the brand and driving long-term shareholder value

We Suspect the Total Number of Claims Against Paul Marciano Exceeds 17

We question how many confidential settlements have been made over time

We are aware of 17 separate allegations over the past 40 years and \$920k of settlements since 2018



But multiple questions remain:

- ? How many complaints has the Company received that are not public?
- ? How many private settlements has the Company made?
- ? How much has the Company spent on those settlements?
- ? We believe the 1994 case was settled; how much was the settlement?
- ? How much has the Company spent on legal, PR and other fees defending the continued allegations?



We are deeply concerned about how many more claims will be brought and the deep financial and reputational risk to Guess and its shareholders

Source: SEC Filings, Court Filings, Media Reports

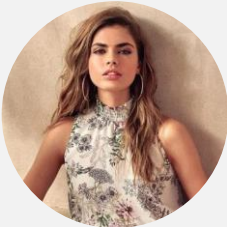
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Paul Marciano's Alleged Victims Have Been Profoundly Impacted



Amanda Rodriguez
Former GES model

"I experience flashbacks, panic attacks, nightmares, debilitating depression and suicidal thoughts... I call on Guess to do the right thing and to finally listen to the women that are telling them about this cycle of abuse."



Gwen Van Meir
Former GES model

"On my last campaign in 2020, Paul Marciano made me feel very uncomfortable through both physical and verbal acts... Although I knew I was risking losing the chance to model for them if I wrote a complaint, I hoped they would do the right thing and take care of their models."



Eileen Toal
*Former Marciano
Entities Employee*

"There is a pattern of victimizing very young women who are vulnerable, and his behavior has had a lasting detrimental effect on our lives. I am pleading with the Board of Guess to immediately remove, once and for all, Paul Marciano from its board so he can no longer victimize vulnerable young women he comes into contact with. I can only imagine the number of victims that have not come forward in the last four decades."



Chris Applebaum
*Director &
Photographer*

"Then one day I was witness to the recruitment process involving a model who later became one of the Guess girls. I realized I couldn't sit with the rest of the industry and be silent, otherwise I'd be complicit in this sick scheme that's been swept under the carpet for too long."

Models Hesitate to Model for Guess

GES seems to have a bad reputation in the industry as a result of Paul Marciano's alleged sexual misconduct, which appears to have resulted in reduced access to potential talent

DAILY BEAST

CRIME & JUSTICE →

This Alleged Serial Harasser Got a Second Chance. Now He's Accused of Rape.

Marciano's reputation as an alleged sexual predator, meanwhile, is hardly a secret in the fashion world.

Besides previous claims that led to out-of-pocket settlements, many in the business said they've kept their models away from him over fears of potential abuse and assault.

"We have stopped a lot of our younger girls from working with him," one New York-based model agent told The Daily Beast. "Just to clarify, we still have girls working with him, but they are older, and we make them aware of his reputation beforehand."

The agent continued: "The younger girls may not be able to handle themselves as well as the older ones. Fortunately, he has lost some of his power. I know some of his power has been stripped, but he is still an owner."

A Los Angeles-based photographer further said to The Daily Beast that Marciano "does this with everyone," adding that the Guess founder "has a recruiting system" that they know "two girls that had sex with him via the recruitment."

The New York agent, meanwhile, went as far as to compare Marciano to the most infamous figure of the #MeToo movement, predicting a similar downfall to that of former movie mogul Harvey Weinstein, who was sentenced to 23 years in prison for rape and assault.

"It will happen to Paul eventually," the agent said.

Consumer Attitude Towards a Brand Is Damaged by Sexual Assault/Harassment Allegations Against Its Founder

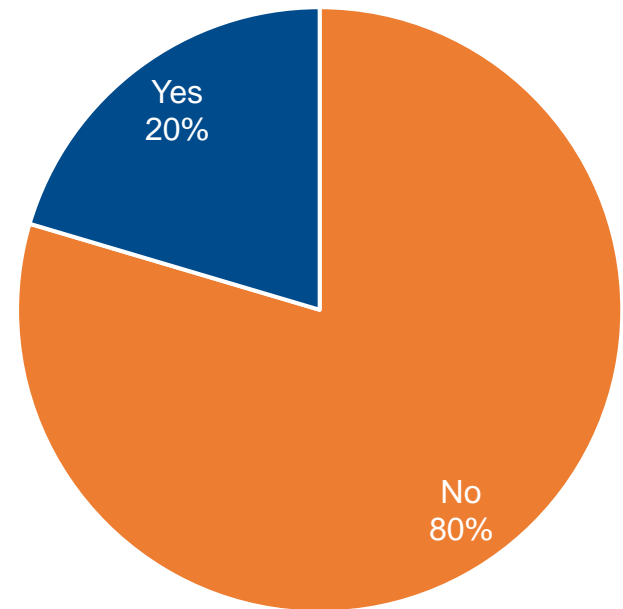
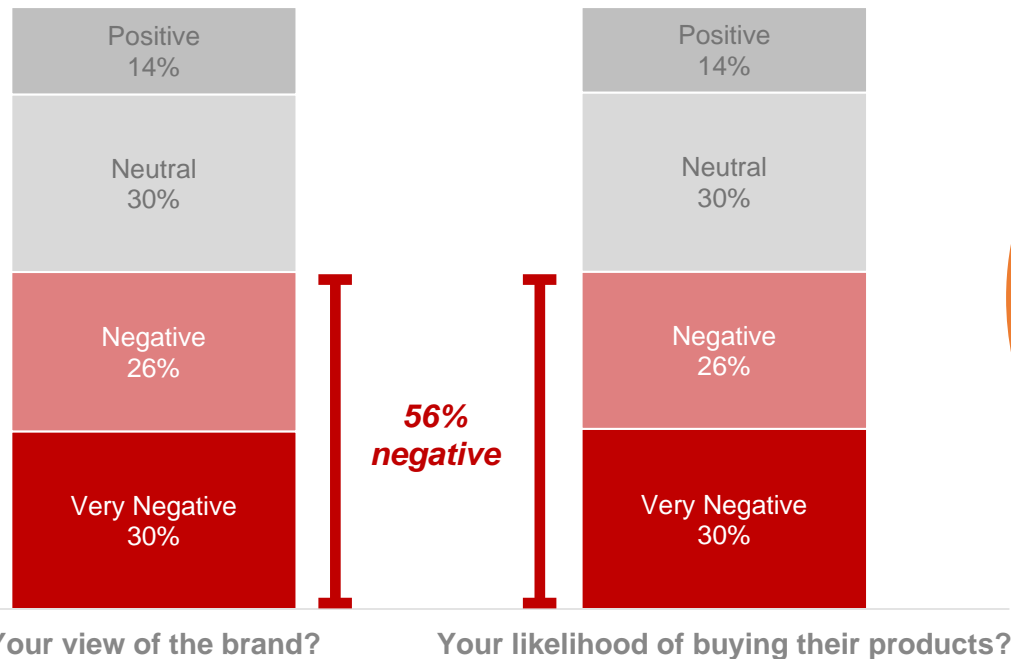
Section

1

What do Guess consumers think?

How would sexual assault/harassment accusations against its founder impact...

Are you aware that several former Guess models are suing a Guess founder for sexual harassment?



If more claims are made public alleging Paul Marciano of improper conduct, we believe Guess could face increasing risk of damage to the brand and lost sales

Investigations Have Left Us Guessing

	2018 Allegations	2021 Allegations
Allegations Against Paul Marciano	Sexual assault and harassment	Sexual assault including oral rape, rape, as well as sexual harassment
Committee Formed to Investigate	Formation – 3 months later	Formation – More than 13 months later and only after Legion's demand
Interviewed / Reviewed	40+ people 1.5mm pages of documents	?
Counsel	O'Melveny & Myers LLP (GES' corporate law firm) Glaser Weil, LLP	?
Outcome	Paul Marciano continued employment with GES and continues to work with female models – which appears to have led to additional incidents following the 2018 investigation's conclusion	Oddly, GES has stated that it intends to strongly refute claims and vigorously defend Paul Marciano, seemingly frontrunning any investigation effort

Guess investigations appear to have been orchestrated to generate no outcome – we have concerns the Board is not satisfying its fiduciary duties

Source: SEC Filings, Court Filings, Media Reports

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GES Shares Have Materially Underperformed

The Company's Total Shareholder Returns (TSR) have been disappointing and have persistently lagged its peers and relevant indices over a variety of time frames

GES Relative TSR vs. Peer Groups and Major Benchmarks					
GES vs.	Pre-COVID to Present	1 Year	3 Year	5 Year	10 Year
Peers ¹	(18%)	(13%)	10%	62%	(79%)
ISS Peers ²	(30%)	(20%)	1%	54%	(52%)
S&P 500	(43%)	(27%)	(59%)	(4%)	(299%)
S&P 1500 Apparel Retail	(18%)	(16%)	(13%)	59%	(136%)
Russell 2000 Index	(22%)	(2%)	(21%)	55%	(170%)
XRT	(72%)	5%	(61%)	24%	(170%)

We believe that a large portion of the Company's poor stock price performance can be attributed to the constant drumbeat of negative media stories containing sexual abuse allegations against Paul Marciano for years and the Board's failure to take corrective action



Source: Capital IQ (as of 1/28/2022). Pre-COVID date of 12/31/2019

Notes: 1. Peers include COLM, VFC, TPR, LEVI, PVH, HBI, CPRI, LE, RL, URBN, AEO, ANF, GPS, CRI. 2. ISS Peers include CAL DBI, GIII, PRTY, BKE, CRI, GCO, OXM, SCVL, ZUMZ, ANF, CPRI, EXPR, URBN, AEO, CHS, PLCE, DECK, PVH, FOSL, RL, TPR. Exclude RTW Retailwinds (RTWIQ)

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GES Peer Sets and Indices

Legion primarily utilizes a peer set that includes apparel brands and retailers for benchmarking, and uses ISS peers as well as GES's self-selected indices for TSR comparison

Peers			ISS Peers			Company Selected Indices	
1. COLM	6. HBI	11. AEO	1. CAL	11. ANF	18. DECK	S&P 500 Index	S&P 1500
2. VFC	7. CPRI	12. ANF	2. DBI	12. CPRI	19. PVH		Apparel Retail
3. TPR	8. LE	13. GPS	3. GIII	13. EXPR	20. RTWIK		Index
4. LEVI	9. RL	14. CRI	4. PRTY	14. URBN	21. FOSL		
5. PVH	10. URBN		5. BKE	15. AEO	22. RL		
			6. CRI	16. CHS	23. TPR		
			7. GCO	17. PLCE			
			8. OXM				
			9. SCVL				
			10. ZUMZ				
<ul style="list-style-type: none"> Legion's selected peers include apparel brands and retailers that are similar to GES in business profile, customer profile, and size <ul style="list-style-type: none"> We predominantly rely on this peer set for TSR comparison 			<ul style="list-style-type: none"> ISS's selected peers are reasonably similar to GES in terms of industry profile, size, and market capitalization <ul style="list-style-type: none"> A broader group compared to Legion peer group and includes retailers outside of apparel space 			<ul style="list-style-type: none"> Guess uses S&P 500 and S&P 1500 Apparel Retail indices for TSR comparison as disclosed in their FY 2021 Annual Report <ul style="list-style-type: none"> Legion also compares GES's TSR to XRT and Russell 2000 Index due to similarity in industry and market capitalization, respectively 	

We believe all peer sets and indices listed above are appropriate for comparison to GES's benchmarking

A GES Director Who Receives More “Withheld” Votes Than “For” Votes Shall Submit a Letter of Resignation

GES has a plurality voting standard for uncontested director elections

- Since Legion is not proposing an alternate slate of directors, the election is considered to be uncontested despite our opposition to Paul Marciano and Maurice Marciano
- Accordingly, a plurality voting standard will apply to the election of directors and the Company's nominees will be elected even if they receive only a single vote

However, the Company has a director resignation policy in place for uncontested elections, whereby any director who receives a greater number of votes “withheld” from his or her election than votes “for” such election must submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee

Director Resignation Policy: *“The Board has adopted a Director Resignation Policy, providing that any nominee for director in a non-contested election of directors who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall submit to the Board a letter of resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee (excluding the nominee in question if a member thereof) shall evaluate such offer of resignation in light of the best interests of the Company and its shareholders and shall recommend to the Board the action to be taken with respect thereto. The Board shall then act promptly with respect to the letter of resignation and the Company shall publicly disclose the decision of the Board.”*

– GES Preliminary Proxy, 3/28/2022

We believe the failure of the Board to accept any such tendered resignations that may result from the Annual Meeting would be an egregious violation of proper corporate governance, and in direct opposition to a clear shareholder directive

Time for #ABetterGuess

We urge fellow stockholders to vote the **BLUE proxy card to vote **WITHHOLD** against Paul Marciano and Maurice Marciano**

- **We believe a Board absent the Marcianos' influence should be able to:**
 - ✓ Reinvigorate Guess' brand and reputation, which should improve the Company's share price performance
 - ✓ Quickly resolve claims from current and former models who allege they were sexually harassed and/or assaulted by Paul Marciano
 - ✓ Improve working conditions for all Guess employees, and gain access to the full talent pool once again
 - ✓ Remove costly and unnecessary related party transactions which we believe have plagued Guess profitability for years

**Without the spotlight of pressure to drive out the Marcianos,
we fear that GES TSR will continue to underperform**

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Setting the Stage

Guess has a brand identity associated with a young, sexy and adventurous lifestyle and is known for its fashion campaigns – becoming a “Guess Girl” is the dream for many young aspiring models who are vulnerable targets



WWD Interview: *“I like to meet the models, but even more important to me is to see a photo... Since the day we started Guess, the brand has always stood for young, sexy and adventurous, and it is these same qualities that I look for in the models that become Guess Girls.”*

– Paul Marciano, 5/1/2012

Young models dream of becoming a Guess Girl in hopes of advancing their careers

Paul Marciano Seems to Have Exploited His Senior Executive Role at Guess

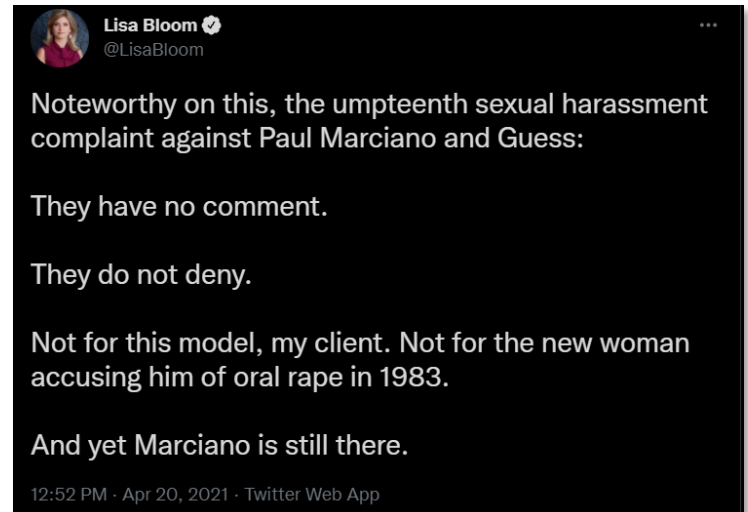
Public allegations suggest Paul Marciano appears to be using his position as the Guess Chief Creative Officer to scout young models and take advantage of them – he has been named in a number of claims of sexual assaults and harassment from young female models

Two examples of Paul Marciano's Pattern of Alleged Sexual Misconduct: *"In or about 2002, Paul Marciano contacted Victim 5, a seventeen-year old model, and asked her to meet him at his Downtown Los Angeles office. Paul Marciano explained to Victim 5 the benefits of being a Guess model and later invited her to his home for a 'test shoot.' Once she arrived, Paul Marciano took photographs of her and then groped her breast and placed his mouth on her breast without her consent. The model reminded Paul Marciano that she was only seventeen years old and rebuffed his advances.*

...

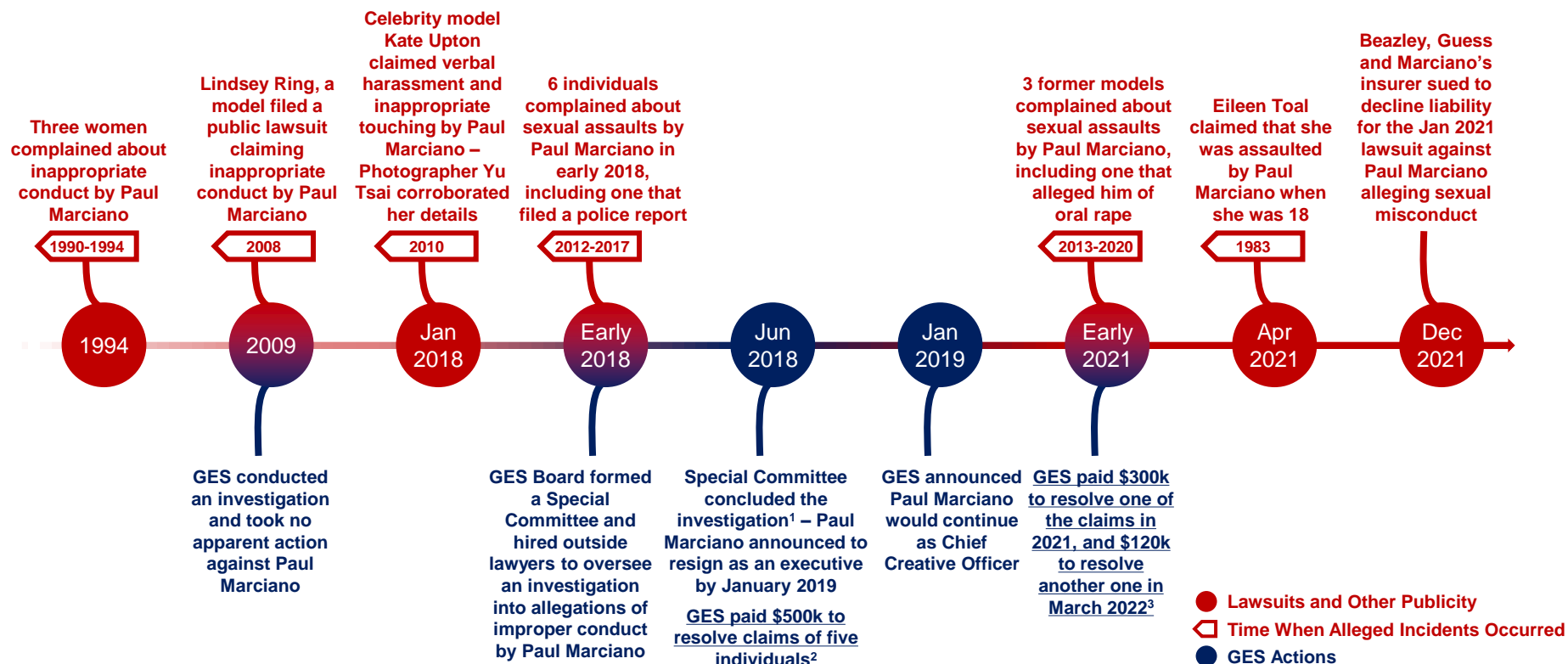
In or about 2008, Paul Marciano invited Victim 7, a former fit model for Guess, to a "special private fittings" so that he could select designs for the upcoming season. Under the guise of these "special private fittings," Paul Marciano committed sexually assaultive acts against Victim 7 by running his hand up and down her breast and buttocks, fraudulently pretending to 'feel the fabric.'"

– Case No. 22STCV09391, 3/16/2022



Paul Marciano Has Faced Almost No Meaningful Repercussions Over the Years

Paul Marciano's alleged misconduct began as early as the 1980s according to public reports, while the GES Board didn't take any apparent action until 2018 – despite Paul announcing plans to retire from management by 2019, the Board allowed him to continue working with young models still to this day



GES has paid \$920k to settle allegations of inappropriate conduct by Paul Marciano, including the most recent settlement in March 2022 for \$120k – there still appear to be unsettled allegations

Source: SEC Filings, Media Reports, Court Filings

Note: 1. GES 8-K (6/12/2018): "The investigation found that on certain occasions Mr. Marciano exercised poor judgment in his communications with models and photographers and in placing himself in situations in which plausible allegations of improper conduct could, and did, arise." 2. Settlements were revealed in GES 8-K (6/12/2018). 3. Settlements were revealed in 8-K and 10-K filings

Company's Own Insurance Carrier Filed a Complaint Related to Paul Marciano's "Wrongful Acts"

GES and Paul Marciano's insurer is distancing from him and the Company amid sexual misconduct claims, citing multiple "interrelated wrongful acts" by Paul Marciano

Dec 2021 Complaint: *"Beazley seeks a declaration concerning the rights and obligations of the parties under an insurance policy Beazley issued to Guess for the December 15, 2017 to December 15, 2018 Policy Period ("Policy"). Specifically, Beazley seeks a declaration that it has no obligation under the Policy to defend or indemnify Guess or [Paul] Marciano (jointly, the "Insureds") in connection with a January 2021 lawsuit by Jane Doe alleging sexual misconduct by [Paul] Marciano (the "Doe Lawsuit," defined and discussed further below), because the Doe Lawsuit, a series of similar claims made in 2018, and a 2009 lawsuit filed against the Insureds (the "Ring Lawsuit," defined and discussed below) involve "Interrelated Wrongful Acts" such that they are deemed a single Claim under the Policy, first made prior to the Policy's inception.*

Beazley also seeks a declaration that it has no obligation under the Policy to defend or indemnify the Insureds in connection with any and all other claims Guess has noticed to Beazley as of December 1, 2020, not first made during the Policy's December 15, 2017 to December 15, 2018 Policy Period, that involve the same Wrongful Act or Interrelated Wrongful Acts as the Ring Lawsuit.

– Beazley Insurance Company, Inc. v. Guess, Inc. et al

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

JANE DOE, an individual,

Plaintiff,

v.

PAUL MARCIANO, an individual, GUESS ?,
INC., a California corporation, and DOES 1
through 25, inclusive.

Defendants.

CASE NO.: 21STCV02126

COMPLAINT

1. Sexual Harassment – Hostile Work Environment in Violation of FEHA
2. Quid Pro Quo Sexual Harassment in Violation of FEHA
3. Failure to Prevent Harassment in Violation of FEHA
4. Sexual Favoritism in Violation of FEHA
5. Sexual Harassment (Civ. Code § 51.9)
6. Sexual Battery (Civ. Code § 1708.5)
7. Sexual Assault (Civ. Code § 340.16)
8. Gender Violence (Civ. Code § 52.4)
9. False Imprisonment
10. Retaliation in Violation of FEHA
11. Intentional Infliction of Emotional Distress
12. Negligent Supervision and Retention
13. Intentional Interference with Prospective Economic Relations
14. Negligent Interference with Prospective Economic Relations

DEMAND FOR JURY TRIAL

It Is Also Imperative That Paul Marciano's Brother Maurice's Time on The Board Come to an End

Section

2

We have heard reports of Maurice dismissing Paul's sexually predatory behavior for years – Maurice was also Chairman of the Board when the Board reinstated Paul in January 2019

DAILY BEAST

'I Was Sexually Assaulted' in 1983 by Fashion Mogul Paul Marciano

In September of that year, Toal said, she stayed at Maurice's house overnight and left her car. The elder Marciano brother arranged for Paul, the future Guess CEO, to pick her up after work and bring her back to Maurice's house to retrieve her car.

When Paul arrived to give her a lift, Toal said, "he assaulted me in his car in the parking lot behind the store."

Upon arriving at Maurice's house, Toal said, she informed her boyfriend what happened. The elder Marciano brother was dismissive.

"I went into Maurice's house and told Maurice, and he said, 'That's just Paul.' Maurice shook it off. I was like, 'Are you serious? Are you kidding me?' He shrugged his shoulders and shook his head as if there's nothing he could do about it, like he was resigned about it like that's just Paul.



"That's Just Paul"

We are understandably and deeply concerned that Maurice may have wielded his influence to cover for his brother's alleged inappropriate actions

Maurice Marciano's Pattern of Missing Board Meetings Is Another Strong Reason For His Removal

Section

2

In August 2020, GES announced Maurice Marciano's injury in a bicycle accident – since then, Maurice has missed Board meetings and the 2021 annual meeting, casting serious doubt on his ability to perform the duties as a Board member and why he was renominated again this year

Maurice also missed Board meetings during FY 2022: *"Each director attended at least 75% of the aggregate of the total Board meetings and total committee meetings on which such director served during fiscal 2022, except Mr. Maurice Marciano..."*

– GES Preliminary Proxy, 3/28/2022

2022

2021

Maurice missed Board meetings and AGM during FY 2021: *"The Board of Directors held eight meetings during fiscal 2021. Each director attended at least 75% of the aggregate of the total Board meetings and total committee meetings on which such director served during fiscal 2021, except Mr. Maurice Marciano, who was undergoing rehabilitation and therapy as a result of injuries he suffered from a bicycle accident during fiscal 2021."*

– GES Proxy, 5/26/2021

Maurice also missed Board meetings during FY 2016: *"Each director attended at least 75 percent of the aggregate of the total Board meetings and total committee meetings on which such director served during fiscal 2016, except Maurice Marciano, who was unable to attend two of the six Board meetings held during the year."*

– GES Proxy, 5/27/2016

2016

Maurice Marciano's pattern of neglecting Board responsibilities seems to make him an ineffective representative of shareholders – would he be renominated if he was not a Marciano?

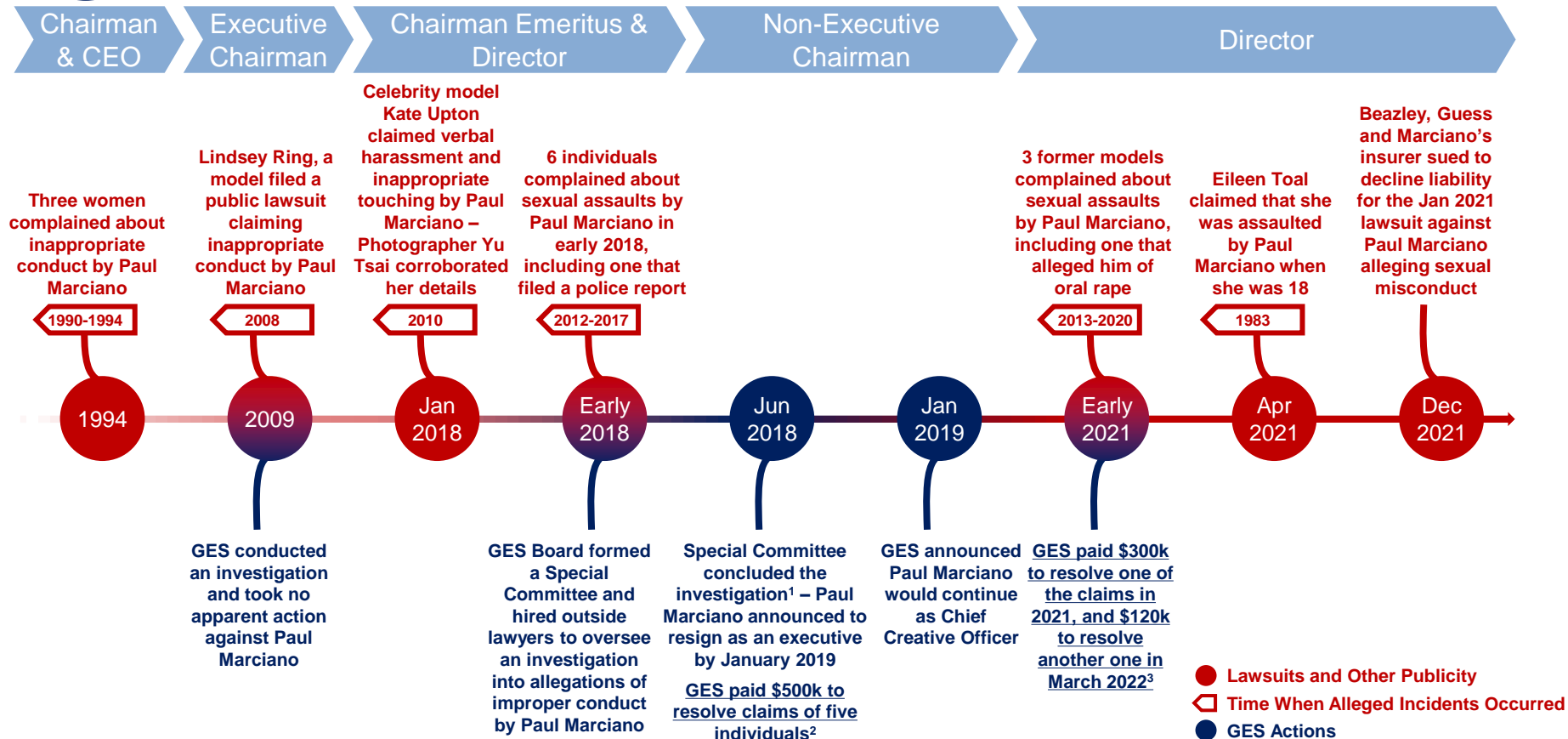
Maurice Marciano Has Held Key Board Positions During Multiple Allegations and Board Investigations

Section

2



Maurice Marciano's Positions:



While GES will surely claim that Maurice was not involved in key decisions involving Paul, his senior leadership role in the Board room likely impacted outcomes

Source: SEC Filings, Media Reports, Court Filings. Picture Source: ARTnews.com

Note: 1. GES 8-K (6/12/2018): "The investigation found that on certain occasions Mr. Marciano exercised poor judgment in his communications with models and photographers and in placing himself in situations in which plausible allegations of improper conduct could, and did, arise." 2. Settlements were revealed in GES 8-K (6/12/2018). 3. Settlements were revealed in 8-K and 10-K filings

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FY refers to fiscal year (FY 22 is the year ended 1/29/2022)

The Cumulative Alleged Victim Count Continues to Grow

Section

3

Year of Incident	Year Made Public	Accuser	Key Allegations	Cumulative Number of Allegations
1983	2021	Eileen Toal	Sexual assault	1
1990-1994	1994	3 Individuals	Sexual harassment, assault, and retaliation	4
Early 2000s	2022	2 individuals	Sexual assault	6
2008	2009	Lindsey Ring	Sexual harassment, assault, and retaliation	7
2010	2018	Kate Upton	Sexual harassment and assault	8
2012-2017	2018	6 Individuals	Sexual harassment and assault	14
2013-2020	2021	3 Former Models	Sexual harassment, assault, and retaliation	17

Issues of alleged sexual misconduct seem to have been ignored by Maurice Marciano and the Board for years

Source: SEC Filings, Media Reports, Court Filings

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The Board Has Not Effectively Addressed the Issue

After an investigation by the Guess Board (with the assistance of an outside counsel, Glaser Weil, LLP) that reviewed 1.5mm pages of documents and interviewed 40+ people in 2018, Paul resigned as Executive Chairman and was supposed to leave management, but just days before Paul was supposed to leave Guess, the Board announced he would stay on as a Director and Chief Creative Officer (a role he occupies still to this day)

In February 2018, GES Appointed a Special Committee to Oversee An Investigation: *“On February 7, 2018, the Board of Directors formed a Special Committee comprised of two independent directors to oversee an ongoing investigation into recent allegations of improper conduct by Paul Marciano.”*

– GES Filing, 2/9/2018



In June 2018, the Special Committee Concluded The Investigation: *“The investigation found that on certain occasions Mr. Marciano exercised poor judgment in his communications with models and photographers and in placing himself in situations in which plausible allegations of improper conduct could, and did, arise.”*

– GES Filing, 6/12/2018



Following the Investigation, Paul Marciano Announced Decision to Resign by January 2019: *“On June 11, 2018, Mr. Paul Marciano notified the Board of his decision to resign as Executive Chairman of the Board (although he will remain on the Board)...At the same time, Mr. Paul Marciano also notified the Board that, as contemplated by the Company’s succession plan and in anticipation of the expiration of his employment agreement with the Company on January 30, 2019, he has begun transitioning all of his duties and responsibilities at the Company to Mr. Victor Herrero, Chief Executive Officer of the Company, and will fulfill the remainder of his contract. At the same time, Mr. Paul Marciano also notified the Board that following the expiration of his employment agreement, Mr. Paul Marciano will not renew his employment agreement...”*

– GES Filing, 6/12/2018



Paul Marciano’s Employment Continued in January 2019: *“The company also announced that, at the request of the Board of Directors, Paul Marciano has agreed to remain as Chief Creative Officer.”*

– GES Filing, 1/28/2019

Source: SEC Filings

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The Board Has Not Effectively Addressed the Issue (Con't)

Despite the attempt to bury Paul Marciano's reinstatement announcement, the market reacted quickly and loudly: GES share price dropped by 15% and market valuation plummeted by \$265m in one day following the news

GUESS?, INC. ANNOUNCES APPOINTMENT OF CARLOS ALBERINI AS CEO

LOS ANGELES, January 28, 2019 - Today, Guess?, Inc. (NYSE: GES) announced that Victor Herrero, Chief Executive Officer and a Director, is leaving the company effective February 2, 2019.

Maurice Marciano, Chairman of the Board, commented, "On behalf of the Board of Directors, I want to thank Victor for his contributions during his tenure and wish him well in his endeavors."

Carlos Alberini, formerly the President and Chief Operating Officer of the company from 2000 to 2010 has been appointed as the new CEO and a Director of the company, effective upon his separation from his current employer.

Mr. Alberini, after leaving the company, was Co-CEO of Restoration Hardware until 2014, and a Director on the Board of Restoration Hardware from 2010 until the present. From 2014 until the present, Mr. Alberini has been the Chairman and CEO of Lucky Brand.

Maurice Marciano said, "I am very excited to have Carlos coming back as CEO at GUESS?, Inc. He was instrumental in building the international business in Europe and Asia during his 10 year tenure with the company."

The company also announced that, at the request of the Board of Directors, Paul Marciano has agreed to remain as Chief Creative Officer. His employment will be "at will".

During the transition, Maurice Marciano will be acting as interim Chief Executive Officer.

Paul Marciano's "not leaving" message was buried in the second to last paragraph in GES announcement of appointing Carlos Alberini as its new CEO

Bloomberg

“

"Davia Temin, whose crisis consulting company has tallied more than 1,000 people, mostly men, accused of harassment and other misdeeds in the last year, said she was surprised the company didn't have him step down as planned.

'Did they think that no one would notice?' Temin said. In announcing that Marciano would stay on, the company could have made some acknowledgement that it would move forward and change. 'There's a huge opportunity here. Unfortunately, it's sort of tone deaf what they've done.'"

— "Guess Plunges as It Names CEO, Keeps Paul Marciano as Creative Head", 1/28/2019

The Board Seems to Have Ignored Harassment Allegations

No apparent “disciplinary” actions have been taken against Paul Marciano since the GES Code of Ethics (CoE) approved by the Board took effect in July 2018

Excerpt of the GES CoE Amended July 2018:

Misconduct by Senior Executives - The Company is committed to preventing any misconduct by senior executives, facilitating the reporting of any alleged misconduct by senior executives and avoiding even the appearance of improper or unbecoming conduct by senior executives. All future employment agreements of senior executives are required to explicitly specify that sexual misconduct constitutes termination "for cause". Any allegation of misconduct by a senior executive will be promptly disclosed to the Board of Directors, the Human Resources Department and the Legal Department. Any settlement that may result from allegations of misconduct by any senior executive will be reported to the Board of Directors.

- GES did not amend Paul Marciano's employment agreement when he was reinstated as Chief Creative Officer in January 2019 – rather – they removed it entirely
- Why is Paul Marciano not held to the same standard as other executives?

The Board of Directors shall determine, or designate appropriate persons to determine, whether a violation of this Code by the Chairman, CEO, senior financial officers, other senior executive officers or directors has occurred and, if so, the appropriate actions to be taken as a result thereof. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to

- It appears the Board continues to ignore serious potential violations of its own CoE

The Guess Board's Response

Situation: *At least 17 women have alleged sexual assault and/or harassment against Paul Marciano*

Response: Unbelievably, Guess Board has allowed Paul Marciano to continue employment as Chief Creative Officer and a Board member receiving more compensation than CEO Mr. Alberini in FY 2021 and FY 2022 combined, and be renominated this year

Removing the Marcianos Should Improve Function of the Guess Board

Section

3

3 Insiders

Carlos Alberini
(Age: 66)
CEO
Director since 2019
1.7% ownership



Paul Marciano
(Age: 70)
Chief Creative Officer
Director since 1990
22.2% ownership

Maurice Marciano
(Age: 73)
Co-Founder
Director since 1981
19.3% ownership

4 Independent Directors¹

Laurie Ann Goldman¹
(Age: 59)
Nom./Gov. Chair
Director since 2018
0.05% ownership



Deborah Weinswig
(Age: 51)
Nom./Gov. Member
Director since 2018
0.05% ownership



Cynthia Livingston
(Age: 70)
Nom./Gov. Member
Director since 2019
0.04% ownership



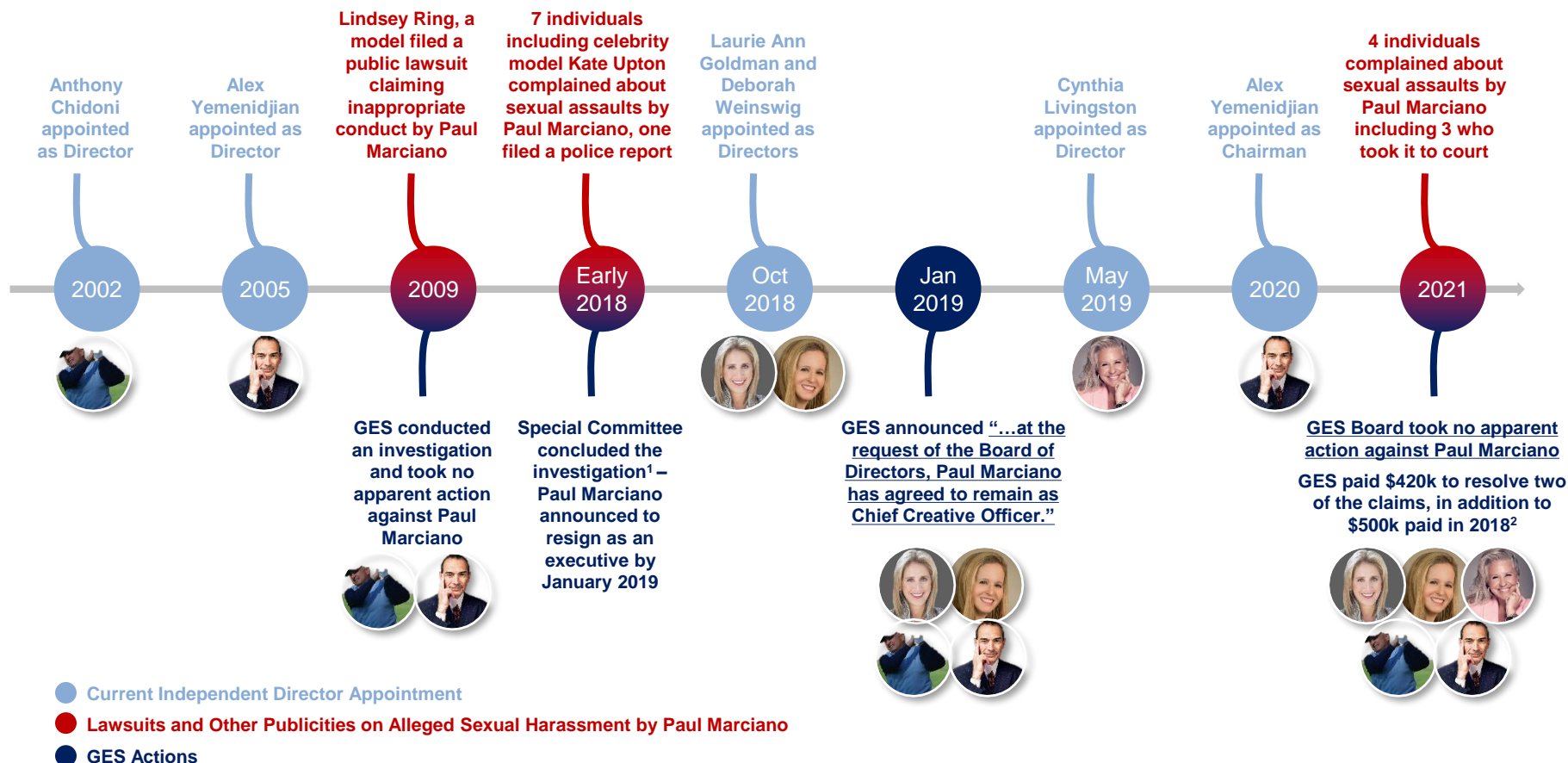
Alex Yemenidjian
(Age: 66)
Chairman & Comp. Chair
Director since 2005
0.24% ownership



Anthony Chidoni
(Age: 70)
Audit Chair
Director since 2002
0.34% ownership

We Believe the “Independent” Directors Have Repeatedly Let Paul Marciano off the Hook

Paul Marciano’s alleged misconduct began as early as the 1980s according to public reports, while the GES Board didn’t take any apparent action until 2018 – despite Paul announcing plans to retire by 2019, the current Board never let him go and allowed him to stay on as a Board member and executive



Source: SEC Filings, Media Reports, Court Filings. Picture Source: Flickrriver.com, Facebook, Terminix.com, Deborahweinswig.com, Europastar.com






Note: 1. GES 8-K (6/12/2018): “The investigation found that on certain occasions Mr. Marciano exercised poor judgment in his communications with models and photographers and in placing himself in situations in which plausible allegations of improper conduct could, and did, arise.” 2. Settlements were revealed in 8-K and 10-K filings

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We Believe the “Independent” Directors Have Abdicated Their Responsibility

Key committees have been run by current independent directors including Board Chair Yemenidjian and Nom./Gov. Chair Goldman¹ – yet they all seem to turn a blind eye on sexual harassment allegations against Paul Marciano

- The Nominating and Governance Committee consists of Goldman, Weinswig and Livingston with 100% female representation
 - Led by Goldman who has chaired the Committee since 2018, the Committee made the decision to allow Paul Marciano to stay on in January 2019 despite numerous settlements with women alleging sexual harassment and/or misconduct
 - Goldman claims to have refrained from discussions relating to this year's meeting in connection with her decision to not stand for reelection this year. We must ask why?
- Alex Yemenidjian has chaired the GES Board since 2020 and the Compensation Committee since 2006
- Anthony Chidoni has chaired the Audit Committee since 2002

	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22
Anthony Chidoni		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alex Yemenidjian					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Laurie Ann Goldman																		◆	◆	◆	◆
Deborah Weinswig																					
Cynthia Livingston																					

★ Board Chairman ◆ Nominating and Governance Committee Chair ✓ Audit Committee Chair \$ Compensation Committee Chair
 ■ Nominating and Governance Committee Member ■ Audit Committee Member ■ Compensation Committee Member

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We Believe the Marciano Brothers Have Exploited the Company for Their Personal Benefit

The Marciano Brothers¹ were paid \$97m over past decade
There are substantial family connections in the executive suite

Paul Marciano (Age: 70)
Co-Founder, Chief Creative Officer and
Director, Former Chairman and CEO



Brother



Maurice Marciano (Age: 73)
Founder and Director, Former
Chairman and CEO

Son



Nephew



Nicolai Marciano (Age: 26)
Director of Specialty Marketing &
Brand Partnerships

Fabrice Benarouche (Age: ~45)
VP of Finance & IR

**Real estate leases and aircraft
fees total \$134m since
recorded on filings**

Leasing payments to partnerships
affiliated with Marciano Entities² since
1996 total **\$113m**

Aircraft charter payments to Marciano
Entities through informal arrangements
since 2004 total **\$21m**

**“Erroneous” medical expense
coverage went on for 20 years
and total \$5.3m**

GES “erroneously” paid the medical
expenses of the employees of Marciano
Entities for 20 years, totaling **\$5.3m** per
the Company’s own estimates

GES “discovered” the erroneous
payments after 20 years

**Vendor purchases and
minority investment**

GES purchases faux fur products from a
fashion accessories company in which
the Marcianos and Mr. Alberini own 20%
– **\$4.5m** payments in FY’22³

In 2020, GES used **\$1m** to buy 30%
interest in a men’s footwear company in
which the Marciano Entities own 45%
and provided it with a \$2m revolver

**Removing the Marciano Brothers from the Company should benefit all GES stakeholders and bring
an end to the dark overhang on the Company’s reputation**

Source: SEC Filings. Picture Source: ARTnews.com, Vmagazine.com, BMO

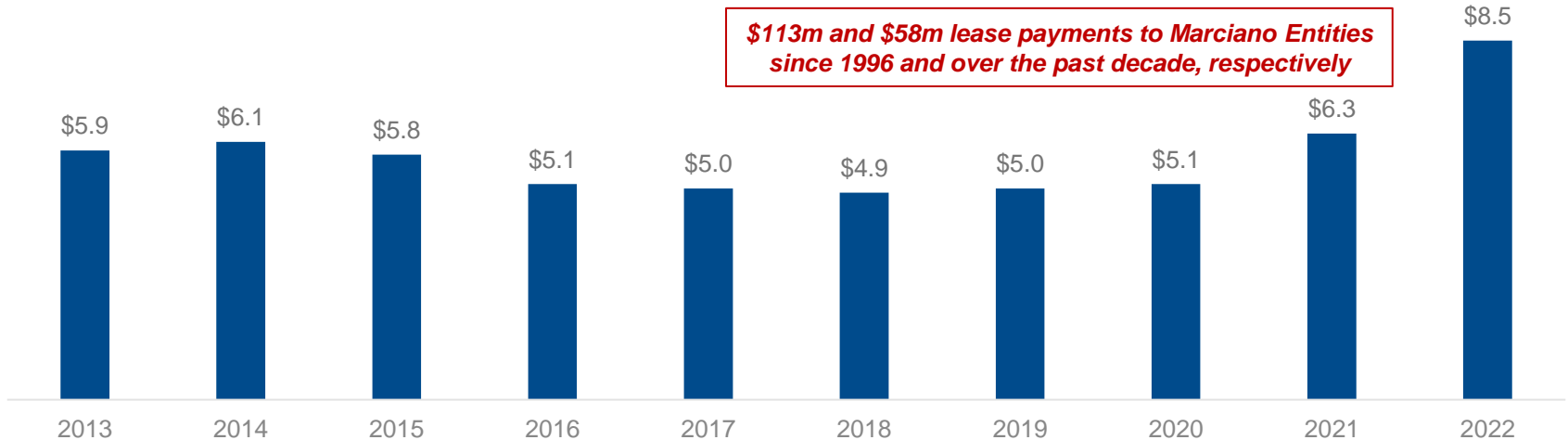
Note: 1. The Marciano Brothers defined as Paul Marciano and Maurice Marciano. 2. Marciano Entities defined as entities owned by, affiliated with, or for the respective benefit of Paul Marciano, who is an executive and member of the Board of GES, and Maurice Marciano, who is also a member of the Board, and certain of their children. 3. The Marcianos jointly own 16% and Mr. Alberini owns 4%

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Real Estate Lease Payments to Marciano Entities

GES has leased warehouse and administrative facilities, including its headquarters in Los Angeles, from partnerships affiliated with the Marciano Entities since at least 1996¹

Aggregate Lease Costs (\$mm)



GES Corporate Headquarters in Los Angeles



Source: SEC Filings. Picture Source: Refinery29.com, Racked LA, Google Map

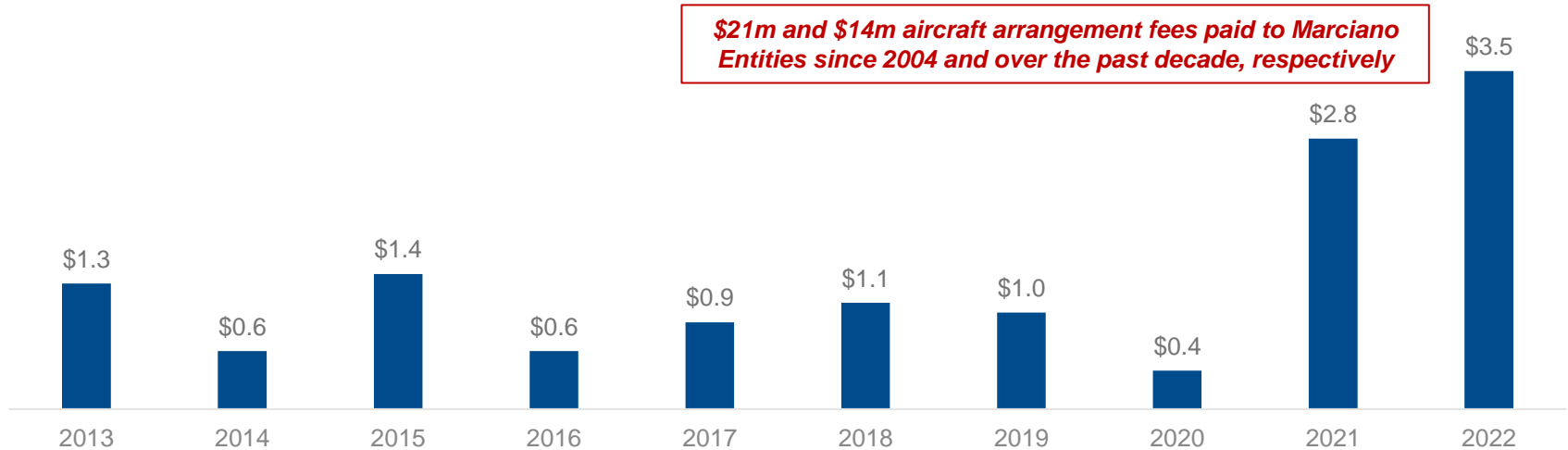
Note: Years in charts represent fiscal years. 1. GES went public in August 1996 and lease payments to Marciano entities were disclosed in its proxy filed in March 1997

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Aircraft Charter Payments to Marciano Entities

GES has periodically chartered aircraft owned by the Marciano Entities through informal arrangements with the Marciano Entities and independent third-party management companies since 2004¹

Aircraft Arrangement Fees (\$mm)



Aircraft Owned By The Marciano Entities



N650GU: G650 owned by MPM Financial LLC for Maurice and Paul Marciano – managed by Clay Lacy Aviation and leased to Guess when needed²



Source: SEC Filings, Gulfstream

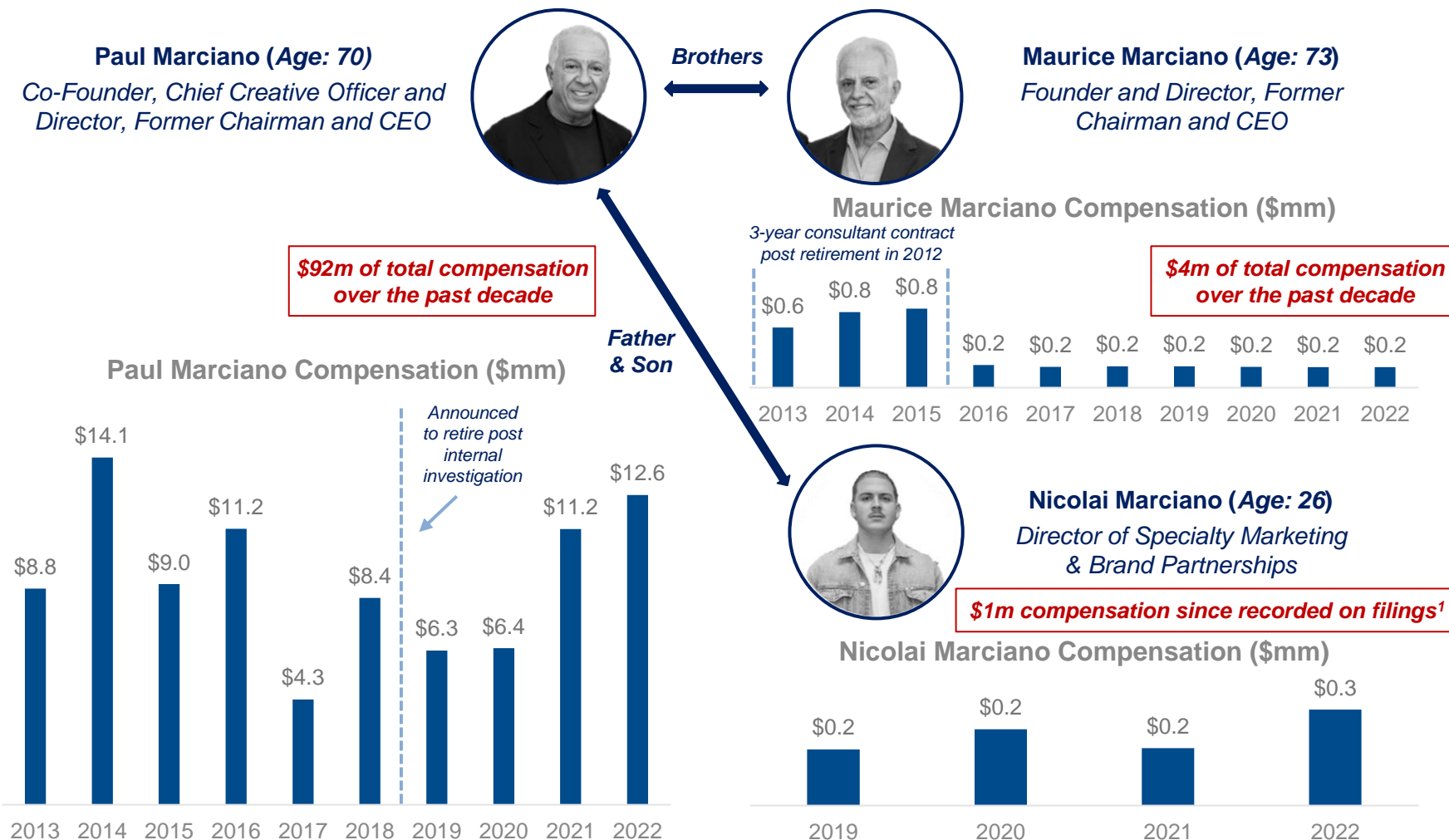
Note: Years in charts represent fiscal years. 1. Aircraft Charter Arrangements signed on 12/31/2014.

2. G650 cabin view per Gulfstream website for illustration purpose

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Substantial Family Connections in the Executive Suite

GES has rewarded more than \$97m in compensation to the Marcianos over the past decade



Source: SEC Filings. Picture Source: ARTnews.com, Vmagazine.com

Note: Years in charts represent fiscal years. 1. Nicolai Marciano, Paul Marciano's son, joined Guess in 2014 at the age of 18. His compensation does not include RSUs and options

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Paul Marciano's Alleged Behavior Is Abysmal and His Compensation Is Outrageous

For FY 2021, Paul Marciano received a total compensation of \$11.2 million or 1.3% of GES' average market cap during FY 2021, the highest percentage among Chief Creative Officers in the apparel retail industry

Company	Avg. Market Cap (\$m) ¹	Chief Creative Officer Compensation (\$m) ²	Compensation as % of Avg. Market Cap
Guess	\$873	\$11.2	1.3%
Vera Bradley	\$212	\$0.8	0.4%
American Eagle Outfitters	\$2,413	\$8.3	0.3%
Ralph Lauren	\$6,025	\$17.1	0.3%
Steven Madden	\$2,203	\$6.1	0.3%
Duluth Holdings	\$299	\$0.5	0.2%
Peer Median	\$2,203	\$6.1	0.3%

Source: Capital IQ, SEC Filings, Legion Partners' Research

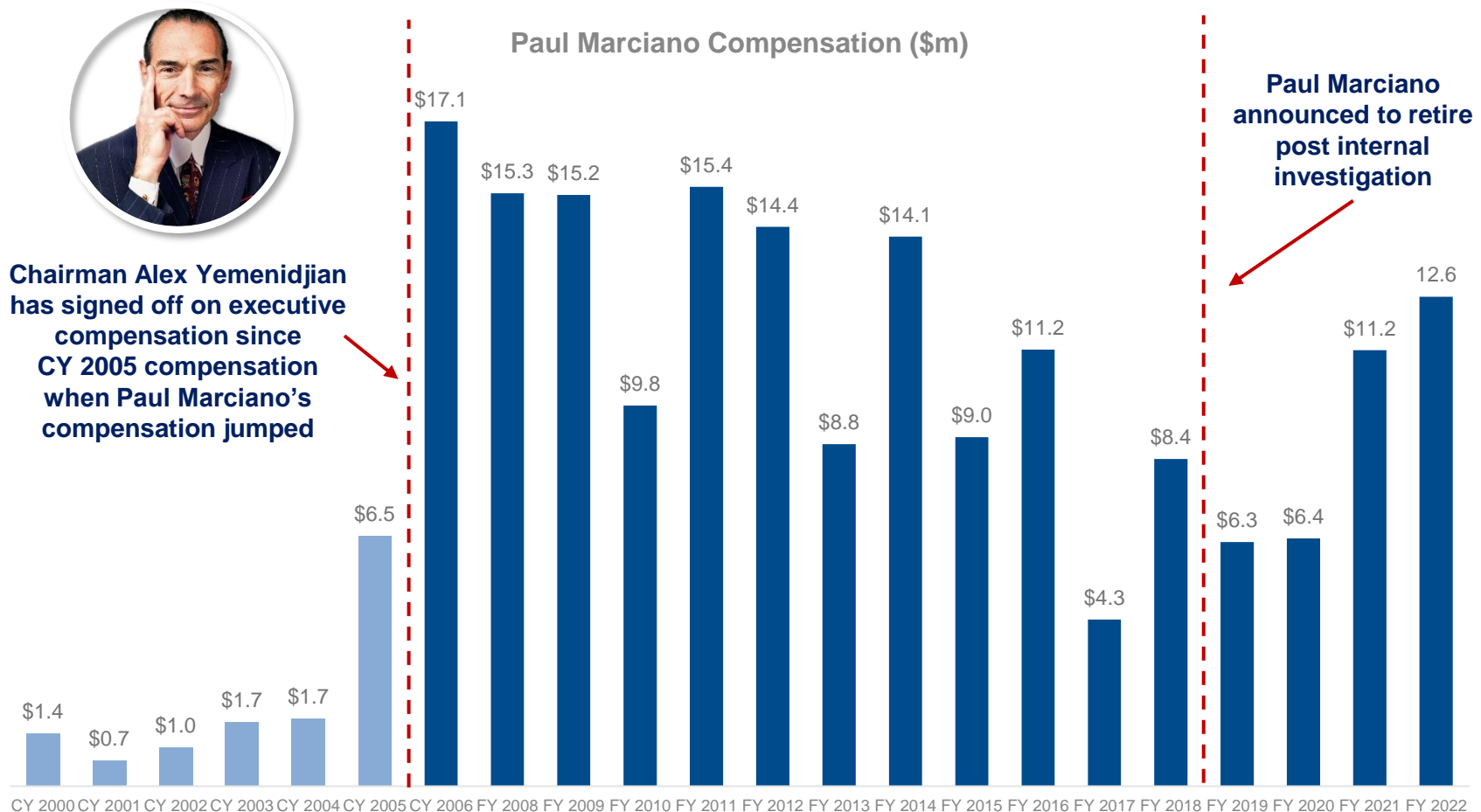
Note: 1. Average market cap over GES' FY 2021 period. 2. Based on FY 2021 proxy filings as peers have not filed FY 2022 proxy

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Paul Marciano's Outrageous Compensation Even After 2018 Investigation Highlights a Lack of Board Oversight

Section
4

Compensation Committee has approved \$187m in compensation for Paul Marciano including \$37m post the 2018 investigation



Source: SEC Filings, Legion Partners' Estimates. Picture Source: Facebook

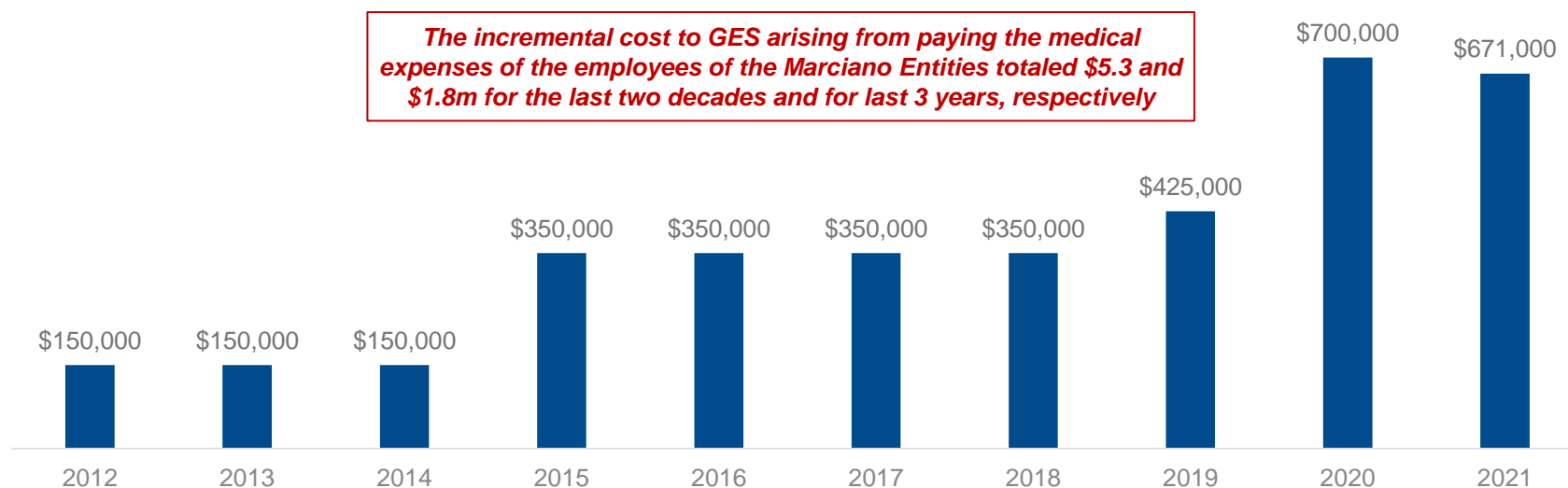
Note: In 2007, GES changed its fiscal year end from 12/31 to the Saturday nearest 1/31 of each year. CY 2006 represents the calendar year ending 12/31/2006, while FY 2008 represents the fiscal year ending 2/2/2008. Paul Marciano had total compensation of \$0.9m in January 2007.

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“Erroneous” Healthcare Claim Payments for Marciano Entities’ Employees for Two Decades

GES “erroneously” paid the medical expenses of the employees of Marciano Entities for 20 years, totaling \$5.3m per the Company’s own estimates – the Marciano Brothers reimbursed GES \$2.7m in 2020

Incremental Cost - Medical Expenses for Marciano Offices (\$)



“In the fourth quarter of fiscal 2021, the Company discovered that, as part of its self-funded medical insurance program covering employees of all of the Company’s U.S. entities, it had erroneously paid the medical expenses of the employees of certain entities controlled by Paul Marciano and Maurice Marciano (collectively the “Marciano Offices”) from approximately 2000 until October 2020.”

– GES Proxy, 05/26/2021

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Meeting at Guess Headquarters

On February 22, 2022, Legion met with Chairman Alex Yemenidjian and CEO Carlos Alberini

- Legion expressed concern about the risk to the Company and brand from the long pattern of sexual assault/harassment allegations, and reiterated our previous public statements regarding our positive views of the turnaround efforts of Mr. Alberini

Mr. Yemenidjian stressed two primary themes

1. The Guess Board has reviewed all facts on allegations and has acted appropriately
-
2. Paul Marciano is critical to Guess and is involved in all things creative and could not be removed/replaced

Legion Views

- We believe the carefully worded findings of the 2018 investigation tell a different story
 - And, we find the fact that after the Board reinstated him there are even more allegations, lawsuits, and liability to indicate the Board made a terrible mistake in this decision
-
- If this were true, which we are extremely skeptical of, it means the Board has failed miserably in succession planning, and has exposed shareholders to yet another unacceptable and unnecessary risk
 - We believe the truth is that Paul Marciano does not want to be removed

At end of meeting, Alex Yemenidjian commented that he was interested in finding an “Elegant Solution”

Follow-up Letter to GES

February 25, 2022

Mr. Alex Yemenidjian
Chairman of the Board
Guess?, Inc.
1444 South Alameda Street
Los Angeles, CA 90021

Dear Alex:

Thank you for meeting with us yesterday. We enjoyed the opportunity to meet with you and Carlos Alberini. I think the opportunity to sit down and exchange perspectives on Guess was productive. We would very much like to find an “elegant solution” as you suggested and look forward to any ideas you and the rest of the Guess board may have in this regard.

In the interim, we would like to request a meeting with the three members of the Nominating and Governance Committee to get their perspectives on Guess related to the issues we discussed today. It would be excellent if you could help us arrange this.

Best regards,



Chris Kiper
Managing Director



Ted White
Managing Director

cc: Michael Barry and John Kairis, Grant & Eisenhofer P.A.
Steve Wolosky and Elizabeth Gonzalez-Sussman, Olshan Frome Wolosky LLP

***Legion
requested to
meet with the
Nominating
and
Governance
Committee***

Guess rejected Legion's request to meet with the Nominating and Governance Committee

Source: Legion Partners

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Proposed Settlement Offer

On March 7, 2022, Chairman Alex Yemenidjian suggested two paths for moving forward

Path #1

- “Rough and Tumble”



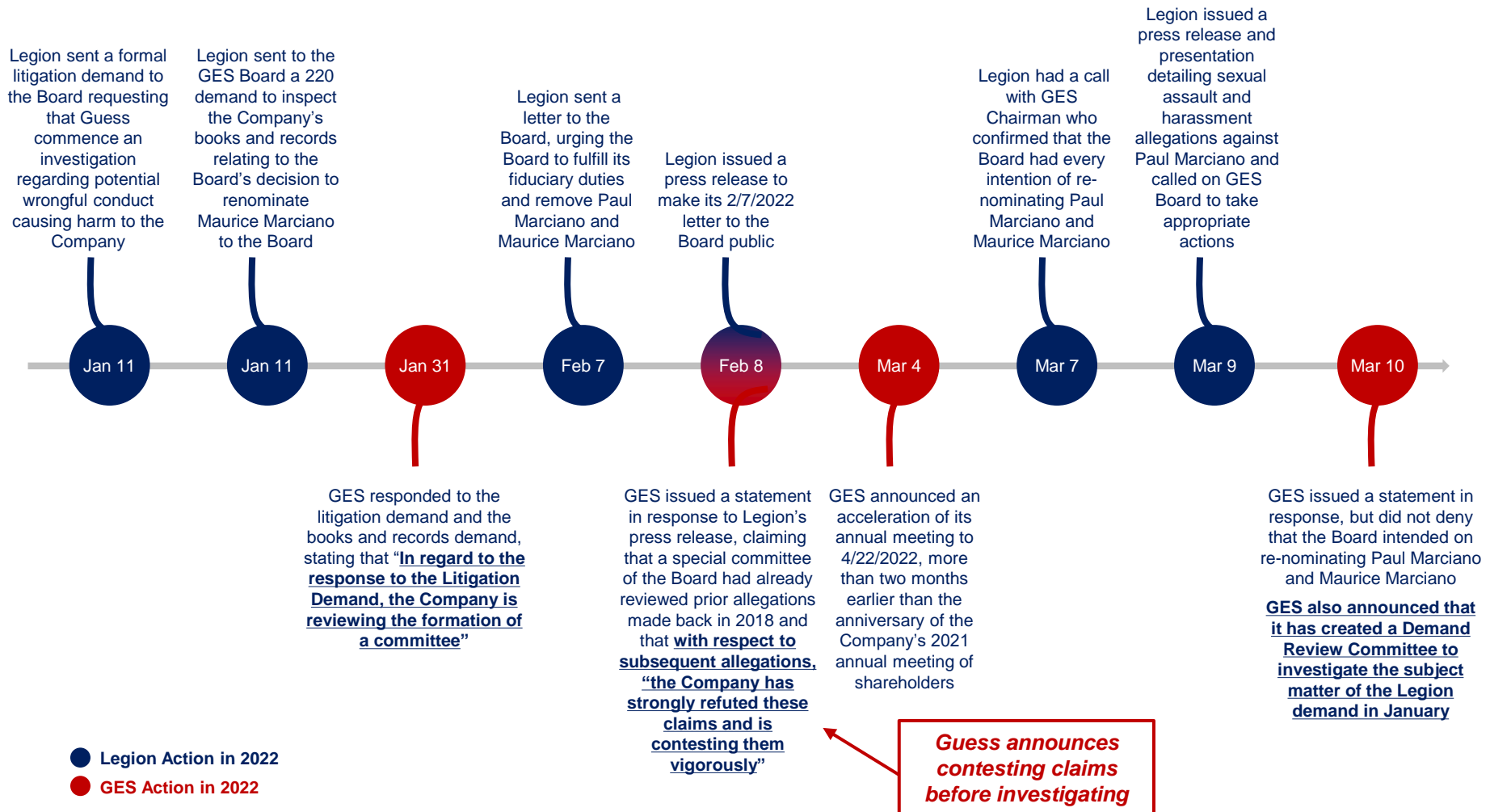
Path #2

- “Elegant Solution”
 - Significant buyback
 - Governance
 - Add a 9th Board member
 - Form a new ESG committee
 - Remove related party transactions – keep only ones which make sense

We don't believe that any settlement offer that leaves the Marcianos on the Board or in management is sensible, or adequately addresses the significant risk we believe their continual involvement puts on the Company and shareholders

Legion's Litigation Demand and 220 Demand

GES has stated that it intends to strongly refute claims and vigorously defend Paul Marciano, seemingly frontrunning any investigation effort



Source: SEC Filings, Legion Partners

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GES Has Experienced Significant Board and Management Turnover Following Allegations

Section

5

Four Directors (including last two Chairs of Nom./Gov. Committee) and the highest profile female executive have all left GES

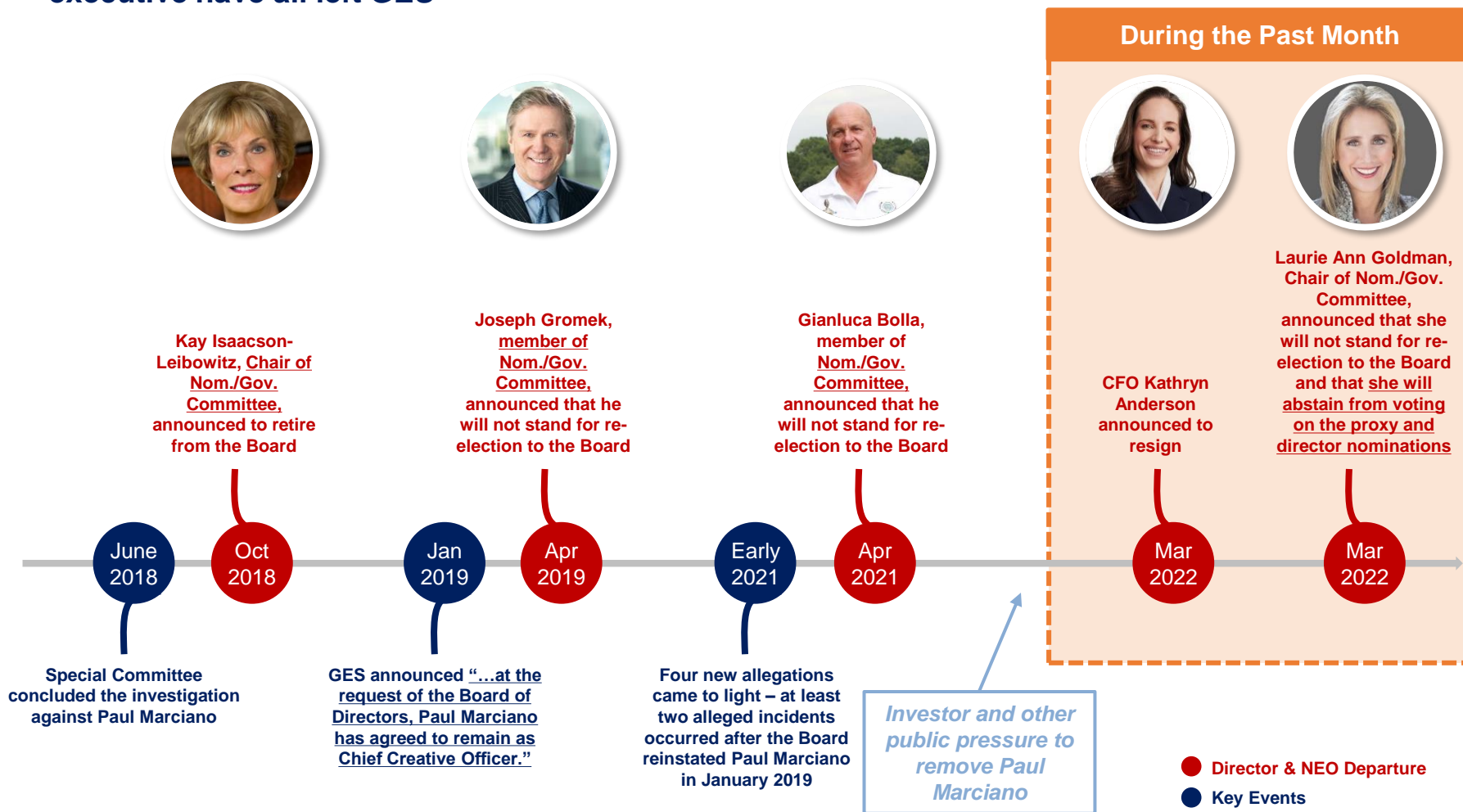


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Time for #ABetterGuess

We urge fellow stockholders to vote the **BLUE proxy card to vote **WITHHOLD** against Paul Marciano and Maurice Marciano**

- **We believe a Board absent the Marcianos' influence should be able to:**
 - ✓ Reinvigorate Guess' brand and reputation, which should improve the Company's share price performance
 - ✓ Quickly resolve claims from current and former models who allege they were sexually harassed and/or assaulted by Paul Marciano
 - ✓ Improve working conditions for all Guess employees, and gain access to the full talent pool once again
 - ✓ Remove costly and unnecessary related party transactions which we believe have plagued Guess profitability for years

**Without the spotlight of pressure to drive out the Marcianos,
we fear that GES TSR will continue to underperform**

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