LEVI STRAUSS & CO.

**FOR IMMEDIATE RELEASE**

Investor Contact: Chris Ogle
Levi Strauss & Co.
(800) 438-0349
Investor-relations@levi.com

Media Contact: Kris Marubio
Levi Strauss & Co.
(415) 501-6709
kmarubio@levi.com

# LEVI STRAUSS & CO. ANNOUNCES SECOND-QUARTER 2013 FINANCIAL RESULTS

*Five Percent Increase in Net Revenues and Stronger Margins Drive Significant Net Income Growth*

*Balance Sheet Improves through Debt Reduction and Refinancing*

SAN FRANCISCO (July 9, 2013) – Levi Strauss & Co. (LS&Co.) announced financial results today for the second quarter ended May 26, 2013.

Highlights include:

| | Three Months Ended | | % Increase |
|---|---|---|---|
| *($ millions)* | May 26, 2013 | May 27, 2012 | (Decrease) As Reported |
| Net revenues | $1,099 | $1,047 | 5% |
| Net income | $48 | $13 | 264% |

Net revenues increased five percent on a reported basis and six percent without the effect of currency, driven by strong performance from the Levi's® and Dockers® brands, particularly in the Americas with growth across both wholesale and retail channels. Second quarter net income increased significantly to $48 million as compared to $13 million in the second quarter of 2012, reflecting the higher net revenue and a gross margin increase of approximately 400 basis points as compared to the second quarter of 2012.

"We are encouraged by the second quarter's progress—revenues up five percent and dramatically improved gross profit and net income. The results reflect in part the key choices we made last year to focus on our profitable core business, expand selectively beyond the core and become a world class retailer," said Chip Bergh, president and chief executive officer. "While we clearly have more work to do, we will sharpen our focus on our core brands—Levi's® and Dockers®—with compelling product and innovation, while also investing behind brand-building and improving the overall consumer experience, whether in our own stores or with our key retail partners."

-more-

**Second-Quarter 2013 Highlights**

- Gross profit in the second quarter increased to $549 million compared with $481 million for the same period in 2012. Gross margin for the second quarter was 50 percent of revenues compared with 46 percent of revenues in the same quarter of 2012. The gross margin improvement reflected a lower cost of cotton in the products the company sold during the quarter, the phase-out of the Denizen® brand in Asia and increased sales from the company's retail stores.

- Selling, general and administrative expenses (SG&A) for the second quarter increased to $449 million from $435 million in the same period of 2012. The increase in SG&A was primarily driven by a shift of the company's advertising campaigns from the first quarter into the second quarter. SG&A as a percentage of revenue declined to 41 percent from 42 percent in the same period of 2012.

- Operating income for the second quarter grew to $100 million from $46 million in the same period of 2012 primarily due to the higher gross margin.

Reported regional net revenues and operating income for the quarter were as follows:

| | Net Revenues | | | Operating Income | | |
|---|---|---|---|---|---|---|
| | Three Months Ended | | | Three Months Ended | | |
| *($ millions)* | May 26, 2013 | May 27, 2012 | % Increase (Decrease) | May 26, 2013 | May 27, 2012 | % Increase (Decrease) |
| Americas | $666 | $605 | 10% | $119 | $71 | 67% |
| Europe | $253 | $254 | —% | $37 | $30 | 24% |
| Asia Pacific | $180 | $188 | (4)% | $33 | $19 | 74% |

- Net revenues increased in the Americas primarily due to improved performance of both the Levi's® and Dockers® brands at key customers in the wholesale channel and in the company's retail stores. Higher operating income primarily reflected the region's higher gross margin due to the lower cost of cotton in products sold in the second quarter.

- Net revenues in Europe were flat on a reported basis, and increased one percent without the effect of currency, as improved performance and expansion from the company-operated retail network was partially offset by a decline in the traditional wholesale channel across the region. Higher operating income reflected improved gross margin driven by increased sales from the company-operated retail network.

- Net revenues in Asia Pacific declined four percent on a reported basis but were nearly flat without the effect of currency. Sales at the company-operated retail network and in traditional wholesale channels were adversely impacted by challenging conditions in most markets in the region. Higher operating income primarily reflected the company's third-quarter 2012 decision to phase out the Denizen® brand in the region, which was substantially complete by the end of the second quarter.

**Cash Flow and Balance Sheet**

At May 26, 2013, cash and cash equivalents of $390 million were complemented by $559 million available under the company's revolving credit facility, resulting in a total liquidity position of $949 million. Cash provided by operating activities of $254 million for the first six months of 2013 were $73 million lower than the same period in 2012, reflecting the company's lower accounts receivable balance at the beginning of 2013 as compared to the beginning of 2012.

During the quarter, the company completed an offering of $140 million of 6.875% senior notes due in 2022 and used the net proceeds along with cash on hand to prepay the remaining $275 million outstanding on the senior term loan due in 2014. Net debt—which the company defines as gross debt less cash and cash equivalents—declined to less than $1.2 billion at the end of the second quarter of 2013, compared to more than $1.3 billion at the end of 2012.

**Investor Conference Call**

The second-quarter 2013 investor conference call will be available through a live audio webcast today, July 9, 2013, at 1 p.m. Pacific/4 p.m. Eastern, at http://www.levistrauss.com/investors/earnings-webcast or dial-in to listen to the live call at: 800-891-4735 in the United States and Canada, or 973-200-3066 internationally; I.D. No. 96612735. A replay is available on the website the same day and will be archived for one month. A telephone replay also is available through July 15, 2013, at 800-585-8367; I.D. No. 96612735.

***Forward Looking Statement***

*This news release contains, in addition to historical information, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current assumptions, expectations and projections about future events. We use words like "believe," "will," "so we can," "when," "anticipate," "intend," "estimate," "expect," "project" and similar expressions to identify forward-looking statements, although not all forward-looking statements contain these words. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Investors should consider the information contained in our filings with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the fiscal year 2012 and our Quarterly Reports on Form 10-Q for the quarters ended February 24, 2013 and May 26, 2013, especially in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections. Other unknown or unpredictable factors also could have material adverse effects on our future results, performance or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this news release may not occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this news release. We are not under any obligation and do not intend to make publicly available any update or other revisions to any of the forward-looking statements contained in this news release to reflect circumstances existing after the date of this news release or to reflect the occurrence of future events even if experience or future events make it clear that any expected results expressed or implied by those forward-looking statements will not be realized.*

**About Levi Strauss & Co.**

Levi Strauss & Co. is one of the world's largest brand-name apparel companies and a global leader in jeanswear. The company designs and markets jeans, casual wear and related accessories for men, women and children under the Levi's®, Dockers®, Signature by Levi Strauss & Co.™, and Denizen® brands. Its products are sold in more than 110 countries worldwide through a combination of chain retailers, department stores, online sites, and a global footprint of approximately 2,900 retail stores and shop-in-shops. Levi Strauss & Co.'s reported fiscal 2012 net revenues were $4.6 billion. For more information, go to http://levistrauss.com.

# # #

## LEVI STRAUSS & CO. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS

| | (Unaudited) May 26, 2013 | November 25, 2012 |
|---|---|---|
| **ASSETS** | **(Dollars in thousands)** | |
| Current Assets: | | |
| Cash and cash equivalents | $ 389,785 | $ 406,134 |
| Trade receivables, net of allowance for doubtful accounts of $21,117 and $20,738 | 342,863 | 500,672 |
| Inventories: | | |
| Raw materials | 4,013 | 5,312 |
| Work-in-process | 6,580 | 9,558 |
| Finished goods | 528,900 | 503,990 |
| Total inventories | 539,493 | 518,860 |
| Deferred tax assets, net | 114,677 | 116,224 |
| Other current assets | 130,687 | 136,483 |
| Total current assets | 1,517,505 | 1,678,373 |
| Property, plant and equipment, net of accumulated depreciation of $782,200 and $782,766 | 445,887 | 458,807 |
| Goodwill | 239,797 | 239,971 |
| Other intangible assets, net | 53,991 | 59,909 |
| Non-current deferred tax assets, net | 607,177 | 612,916 |
| Other non-current assets | 116,415 | 120,101 |
| **Total assets** | $ 2,980,772 | $ 3,170,077 |
| **LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY (DEFICIT)** | | |
| Current Liabilities: | | |
| Short-term debt | $ 54,370 | $ 59,759 |
| Current maturities of capital leases | 987 | 1,760 |
| Accounts payable | 208,121 | 225,726 |
| Other accrued liabilities | 189,330 | 263,575 |
| Accrued salaries, wages and employee benefits | 176,291 | 223,850 |
| Accrued interest payable | 6,152 | 5,471 |
| Accrued income taxes | 50,672 | 16,739 |
| Total current liabilities | 685,923 | 796,880 |
| Long-term debt | 1,488,060 | 1,669,452 |
| Long-term capital leases | 4,382 | 262 |
| Postretirement medical benefits | 137,153 | 140,958 |
| Pension liability | 467,586 | 492,396 |
| Long-term employee related benefits | 67,057 | 62,529 |
| Long-term income tax liabilities | 30,812 | 40,356 |
| Other long-term liabilities | 59,623 | 60,869 |
| Total liabilities | 2,940,596 | 3,263,702 |
| Commitments and contingencies | | |
| Temporary equity | 26,262 | 7,883 |
| Stockholders' Equity (Deficit): | | |
| Levi Strauss & Co. stockholders' equity (deficit) | | |
| Common stock—$.01 par value; 270,000,000 shares authorized; 37,397,437 shares and 37,392,343 shares issued and outstanding | 374 | 374 |
| Additional paid-in capital | 18,169 | 33,365 |
| Retained earnings | 403,713 | 273,975 |
| Accumulated other comprehensive loss | (412,561) | (414,635) |
| Total Levi Strauss & Co. stockholders' equity (deficit) | 9,695 | (106,921) |
| Noncontrolling interest | 4,219 | 5,413 |
| Total stockholders' equity (deficit) | 13,914 | (101,508) |
| **Total liabilities, temporary equity and stockholders' equity (deficit)** | $ 2,980,772 | $ 3,170,077 |

The notes accompanying our consolidated financial statements in our Form 10-Q are an integral part of these consolidated financial statements.

# LEVI STRAUSS & CO. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | May 26, 2013 | May 27, 2012 | May 26, 2013 | May 27, 2012 |
| | (Dollars in thousands) (Unaudited) | | | |
| Net revenues | $ 1,098,898 | $ 1,047,157 | $ 2,245,576 | $ 2,212,118 |
| Cost of goods sold | 550,187 | 566,471 | 1,104,987 | 1,182,638 |
| Gross profit | 548,711 | 480,686 | 1,140,589 | 1,029,480 |
| Selling, general and administrative expenses | 449,074 | 435,056 | 859,497 | 873,639 |
| Operating income | 99,637 | 45,630 | 281,092 | 155,841 |
| Interest expense | (32,883) | (32,411) | (65,040) | (70,984) |
| Loss on early extinguishment of debt | (575) | (8,206) | (689) | (8,206) |
| Other income (expense), net | (830) | 10,697 | 5,236 | 11,869 |
| Income before income taxes | 65,349 | 15,710 | 220,599 | 88,520 |
| Income tax expense | 17,140 | 2,467 | 65,515 | 25,980 |
| Net income | 48,209 | 13,243 | 155,084 | 62,540 |
| Net (income) loss attributable to noncontrolling interest | (60) | (10) | 85 | (89) |
| Net income attributable to Levi Strauss & Co. | $ 48,149 | $ 13,233 | $ 155,169 | $ 62,451 |

The notes accompanying our consolidated financial statements in our Form 10-Q are an integral part of these consolidated financial statements.

# LEVI STRAUSS & CO. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | May 26, 2013 | May 27, 2012 | May 26, 2013 | May 27, 2012 |
| | (Dollars in thousands) (Unaudited) | | | |
| Net income | $ 48,209 | $ 13,243 | $ 155,084 | $ 62,540 |
| Other comprehensive income (loss), net of related taxes: | | | | |
| Pension and postretirement benefits | 3,199 | 321 | 7,108 | 617 |
| Net investment hedge gains | 6,039 | 15,320 | 2,401 | 15,845 |
| Foreign currency translation losses | (5,076) | (25,068) | (8,173) | (17,644) |
| Unrealized gain (loss) on marketable securities | 592 | (449) | (370) | 819 |
| Total other comprehensive income (loss) | 4,754 | (9,876) | 966 | (363) |
| Comprehensive income | 52,963 | 3,367 | 156,050 | 62,177 |
| Comprehensive (loss) income attributable to noncontrolling interest | (387) | 53 | (1,193) | (201) |
| Comprehensive income attributable to Levi Strauss & Co. | $ 53,350 | $ 3,314 | $ 157,243 | $ 62,378 |

The notes accompanying our consolidated financial statements in our Form 10-Q are an integral part of these consolidated financial statements.

# LEVI STRAUSS & CO. AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Six Months Ended | |
|---|---|---|
| | May 26, 2013 | May 27, 2012 |
| | (Dollars in thousands) | |
| | (Unaudited) | |
| **Cash Flows from Operating Activities:** | | |
| Net income | $ 155,084 | $ 62,540 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 57,263 | 62,777 |
| Asset impairments | 1,091 | 233 |
| Gain on disposal of property, plant and equipment | (144) | (151) |
| Unrealized foreign exchange gains | (11,048) | (19,463) |
| Realized loss (gain) on settlement of forward foreign exchange contracts not designated for hedge accounting | 6,197 | (2,530) |
| Employee benefit plans' amortization from accumulated other comprehensive loss | 11,717 | 858 |
| Employee benefit plans' curtailment gain, net | (510) | (995) |
| Noncash loss (gain) on extinguishment of debt | 689 | (3,643) |
| Amortization of deferred debt issuance costs | 2,143 | 2,223 |
| Stock-based compensation | 3,246 | 2,542 |
| Allowance for doubtful accounts | 2,367 | 3,740 |
| Change in operating assets and liabilities: | | |
| Trade receivables | 156,324 | 280,568 |
| Inventories | (20,949) | 95,336 |
| Other current assets | 7,767 | 18,322 |
| Other non-current assets | (289) | (4,557) |
| Accounts payable and other accrued liabilities | (84,347) | (73,242) |
| Income tax liabilities | 30,196 | (3,483) |
| Accrued salaries, wages and employee benefits and long-term employee related benefits | (72,422) | (95,576) |
| Other long-term liabilities | 10,004 | 1,866 |
| Other, net | (180) | 259 |
| Net cash provided by operating activities | 254,199 | 327,624 |
| **Cash Flows from Investing Activities:** | | |
| Purchases of property, plant and equipment | (41,891) | (36,571) |
| Proceeds from sale of property, plant and equipment | 147 | 202 |
| (Payments) proceeds on settlement of forward foreign exchange contracts not designated for hedge accounting | (6,197) | 2,530 |
| Net cash used for investing activities | (47,941) | (33,839) |
| **Cash Flows from Financing Activities:** | | |
| Proceeds from issuance of long-term debt | 140,000 | 385,000 |
| Repayments of long-term debt and capital leases | (325,820) | (407,203) |
| Proceeds from senior revolving credit facility | - | 50,000 |
| Repayments of senior revolving credit facility | - | (220,000) |
| Short-term borrowings, net | (4,774) | 6,566 |
| Debt issuance costs | (2,412) | (6,972) |
| Restricted cash | (65) | 969 |
| Repurchase of common stock | (365) | (479) |
| Dividends to stockholders | (25,076) | (20,036) |
| Net cash used for financing activities | (218,512) | (212,155) |
| Effect of exchange rate changes on cash and cash equivalents | (4,095) | (8,279) |
| Net (decrease) increase in cash and cash equivalents | (16,349) | 73,351 |
| Beginning cash and cash equivalents | 406,134 | 204,542 |
| **Ending cash and cash equivalents** | $ 389,785 | $ 277,893 |

| | | |
|---|---|---|
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid during the period for: | | |
| Interest | $ 58,520 | $ 68,466 |
| Income taxes | 13,948 | 22,306 |

The notes accompanying our consolidated financial statements in our Form 10-Q are an integral part of these consolidated financial statements.