

HAMPSHIRE GROUP

Welcomes You To The Annual Stockholders' Meeting

June 2, 2010



Disclaimer

These materials contain forward looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that reflect the Company's current views with respect to future events. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date hereof. The Company takes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrences of unanticipated events. Management believes that supplementing its financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") with certain non-GAAP financial measures, as defined by the SEC, provides a more comprehensive understanding of the Company's financial condition and results of operations and offers greater insight into the Company's results from operations. Such measures include EBITDA and Adjusted EBITDA and should not be considered an alternative to comparable GAAP financial measures. Readers are urged to review and consider carefully the various disclosures made by the Company in its Form 10-K and other Securities and Exchange Commission filings, which advise interested parties of certain factors that affect the Company's business.



Business Overview

COMPANY

Founded in 1976

We are a provider of moderate priced apparel to department and chain stores

Our heritage, and still largest category, is sweaters, which we have now complemented with full sportswear collections for both men and women

Our largest customers are JCPenney, Kohl's, Macy's, Stage/Peebles, Belk, Dillard's, Sears, BonTon and Beall's

STOCK INFORMATION

Exchange: OTC BB (HAMP.PK)

Stock Price (5/28/10): \$5.50

Shares Outstanding: 6.3 million



Management Team

HEATH L . GOLDEN

President and Chief Executive Officer
Appointed President and CEO in July 2009
Joined Hampshire in August 2005, elevated to
General Counsel and subsequently COO
Previously a corporate attorney at
Willkie Farr & Gallagher LLP

JONATHAN W. NORWOOD

Chief Financial Officer and Treasurer
Appointed CFO in April 2006 and subsequently Principal
Accounting Officer and Treasurer
Previously Controller of Liberty Corporation
Previously CFO of Team Vest, LLC
Previously with Ernst & Young, LLP

HOWARD L . ZWILLING

President of Women's – Hampshire Designers and Item Eyes
Appointed President of Women's Division in July 2009
Previously Group CEO of Jones Apparel Group's Moderate Sportswear
Previously Senior executive at McNaughton Apparel Group
Previously President and Chief Executive Officer of Miss Erika

MARK W. LEPINE

President of Men's - Hampshire Brands
Appointed President of Men's Division in February 2007
Previously President of Liz Claiborne's Men's Special Markets Division
Previously VP of Sales and Marketing for Sportswear at Phillips-Van Heusen



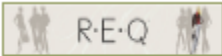
Brands

WOMEN'S



HAMPSHIRE STUDIO

mercercorner
studio



REQUIREMENTS®

SPRING+MERCER

OWNED

LICENSED

GEOFFREY BEENE®

DOCKERS®



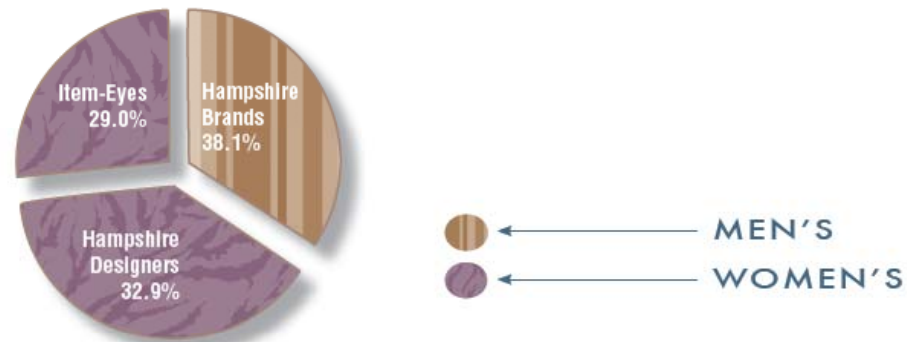
scott james

MEN'S

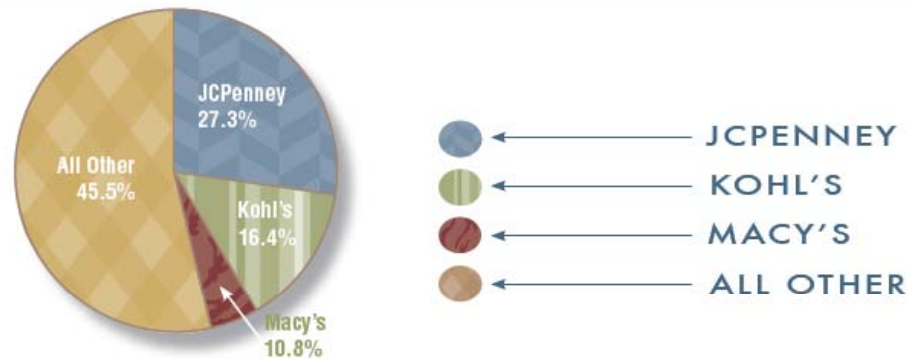


Sales Breakdown

2009 SALES BY DIVISION*



2009 SALES BY SIGNIFICANT CUSTOMERS*



* Sales are calculated as gross sales less returns and do not include adjustments for sales discounts or other sales allowances.

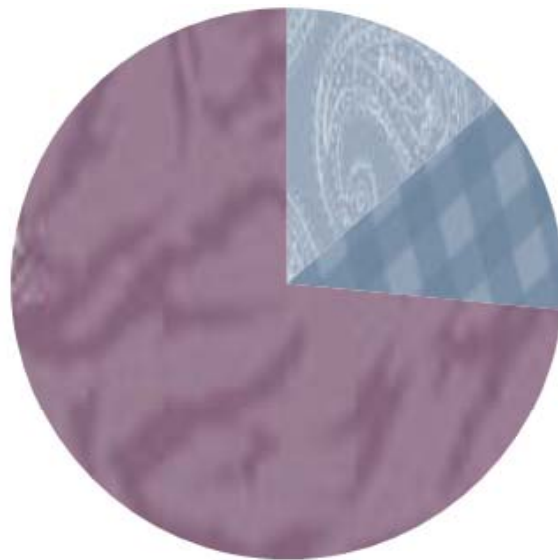


Market Share

Total US apparel market >\$185B for 2009

National Apparel Market

Department and Chain Stores estimated to comprise over 25% of total US apparel market



- DEPARTMENT STORES
- NATIONAL CHAINS
- ALL OTHER *

**ALL OTHER includes mass merchants, specialty, off-price, catalog, direct mail/e-tail, and other*



2009 Accomplishments

- Restructuring of management
- Reduction of overhead to a level commensurate with sales via the 2009 cost reduction plan
- Decentralization of sourcing
- Improved cash flow
- Finished 2009 with a strong balance sheet and no outstanding borrowings under the Company's credit facility
- Launched the JOE Joseph Abboud® and Alexander Julian Colours® lines, a part of our growth initiatives
- Better terms with vendors

Year to Date 2010 Highlights

- Reduced selling, general and administrative expenses and improved operating performance
- Growth in men's spring shipments
- Re-conceived and re-launched Spring & Mercer Women's
- Improved cash flow
- Enhanced flexibility to support new growth initiatives.

Core Strengths

- Business Focus
- Solid Infrastructure
- Extensive and diverse retail relationships

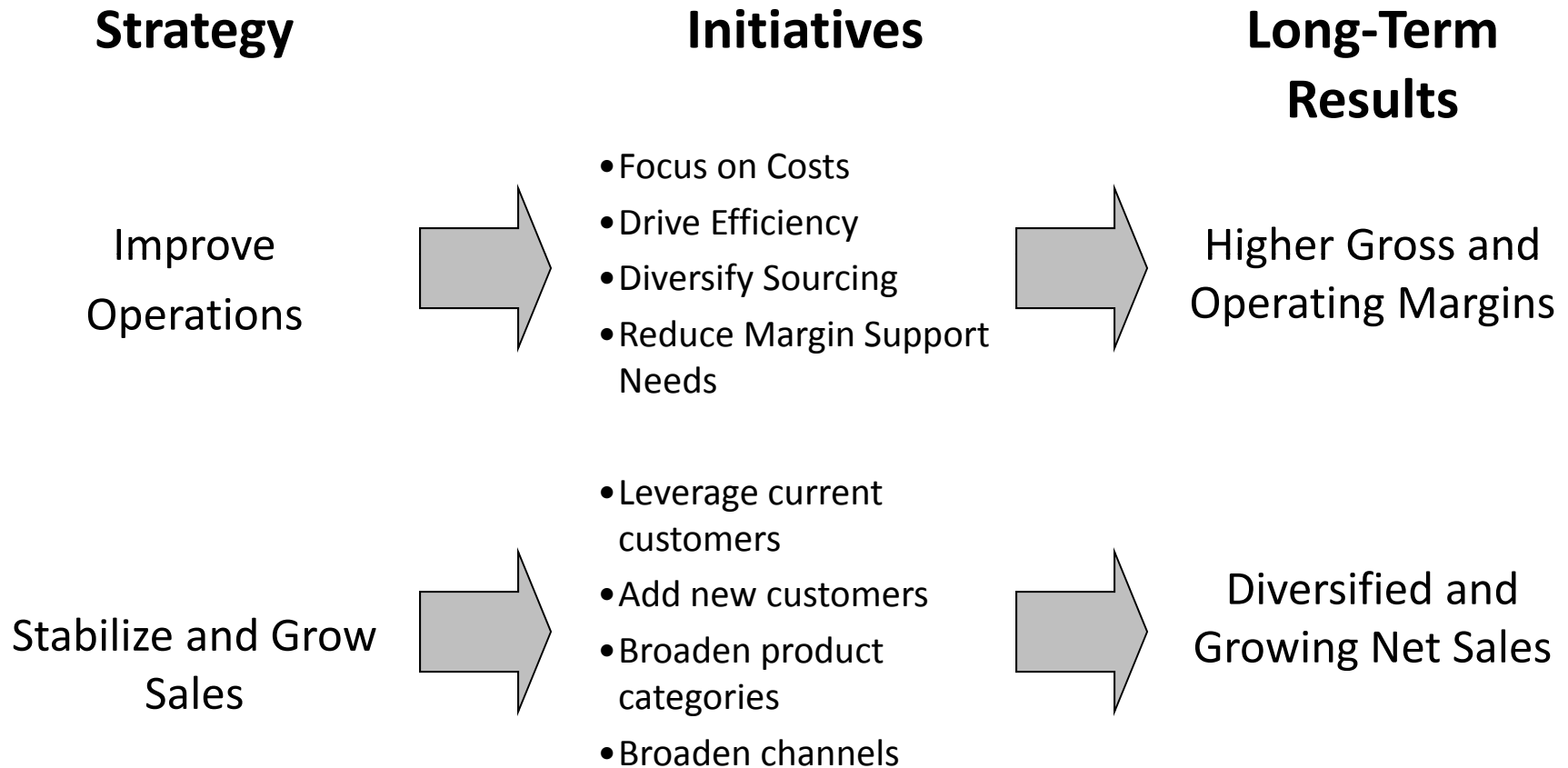


Strategy Objective

Build a strong apparel company that produces sustained profitability selling high quality, trend and value-right product to diverse segments of the retail community in a cost efficient manner



Strategic Implementation



2009 and First Quarter 2010



Financial Results

Hampshire Group, Limited and Subsidiaries

Consolidated Statement of Operations

<i>in 000's</i>	YEAR ENDED		QTR ENDED
	December 31, 2009	December 31, 2008	April 3, 2010
			<i>(unaudited)</i>
Net sales	\$ 165,178	\$ 240,901	\$ 20,450
Cost of goods sold	125,777	188,700	16,212
Gross profit	<u>39,401</u> 23.9%	<u>52,201</u> 21.7%	<u>4,238</u> 20.7%
SG&A	39,715	57,632	8,559
Special costs	4,547	2,995	541
Restructuring charges	4,820	580	-
Tender offer related costs	2,053	386	-
Goodwill impairment loss	-	8,162	-
Loss from operations	<u>\$ (11,734)</u>	<u>\$ (17,554)</u>	<u>\$ (4,862)</u>

Net loss	\$ (6,046)	\$ (29,897)	\$ (5,020)
Interest expense (income), net	147	(946)	90
Income tax provision (benefit)	(6,251)	9,906	39
Depreciation & amortization ⁽²⁾	2,549	10,064	618
EBITDA ⁽¹⁾	(9,601)	(10,873)	(4,273)
Cost of sales - supplier dispute release ⁽⁴⁾	(5,081)	-	-
Special costs	4,547	2,995	541
Restructuring charges	4,820	580	-
Tender offer related costs	2,053	386	-
Other, net ⁽³⁾	376	(1,622)	24
Discontinued operations, net of tax	40	5,005	5
Adjusted EBITDA ⁽¹⁾	\$ (2,846)	\$ (3,529)	\$ (3,703)

1) The Company defines EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation and amortization. Adjusted EBITDA removes the impact of non-operational items of a one-time supplier dispute release, discontinued operations, special costs, restructuring charges, tender offer related costs and other, net. Management believes these measures provide useful information for investors concerning the Company's operating results and financial performance. As non-GAAP financial measures, EBITDA and Adjusted EBITDA should not be considered an alternative to comparable GAAP financial measures but should rather be read in conjunction with the GAAP financial measures.

2) Depreciation & amortization for the period ending December 31, 2008 includes a charge of \$8.2 million for goodwill impairment.

3) Other, net for the period ending December 31, 2008 includes a net recovery of approximately \$1.5 million related to the Settlement Agreement with the Company's former CEO.

4) In the fourth quarter of 2009, the Company determined that a \$5.1 million liability related to a supplier dispute was no longer required for, among other things, the lapse of regulatory and contractual statutes of limitations regarding potential claims by interested parties, and reversed the reserve against cost of sales.



Hampshire Group, Limited and Subsidiaries

Condensed Consolidated Balance Sheet

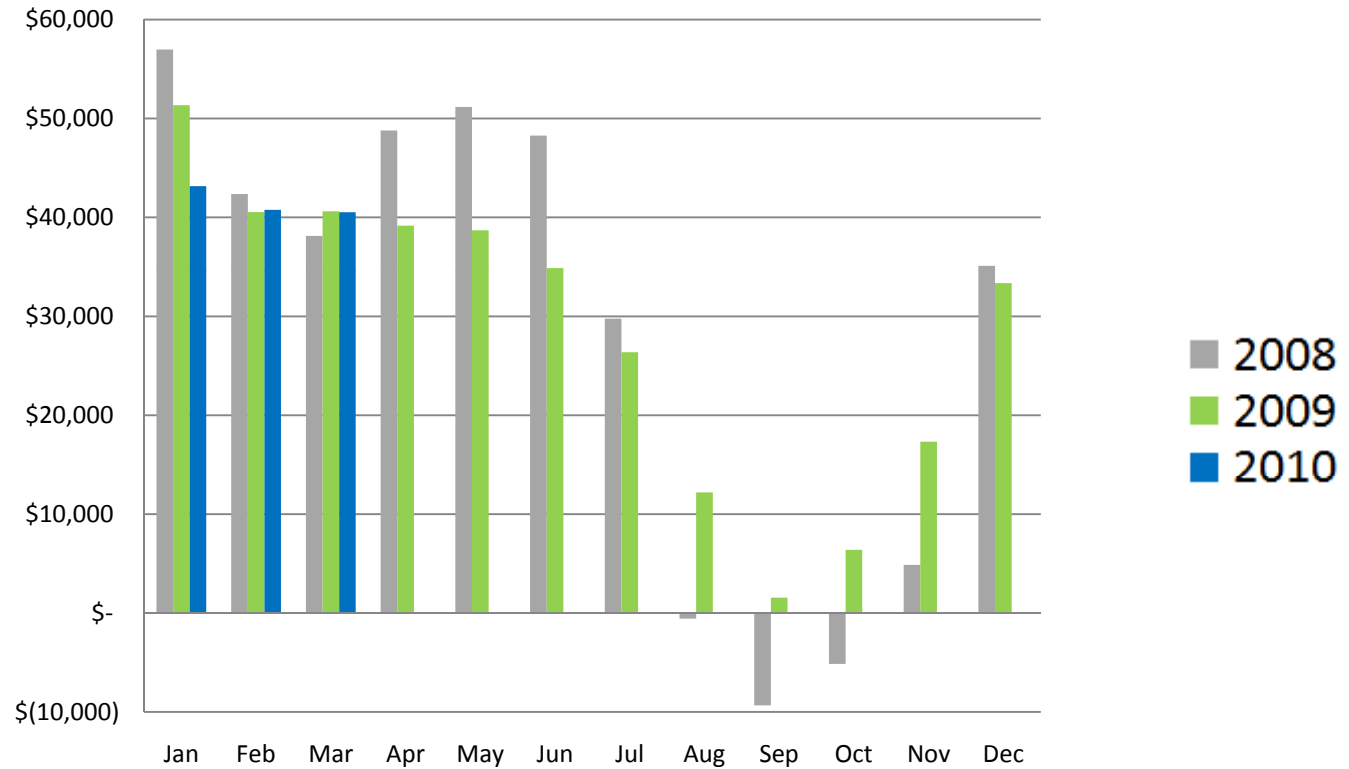
<i>in 000's</i>	YEAR ENDED		QTR ENDED
	Dec 2009	Dec 2008	April 2010
ASSETS:			<i>(unaudited)</i>
Current assets:			
Cash and cash equivalents	\$ 33,365	\$ 35,098	\$ 40,524
Accounts receivable, net	21,708	27,881	9,309
Other receivables	7,663	4,007	7,480
Inventories, net	8,137	10,911	6,005
Assets of discontinued operations	152	246	29
Other current assets	1,606	2,672	2,610
Total current assets	72,631	80,815	65,957
Fixed assets - net	11,283	13,207	10,824
Other assets	3,015	4,684	2,721
Total assets	<u>\$ 86,929</u>	<u>\$ 98,706</u>	<u>\$ 79,502</u>
LIABILITIES:			
Current liabilities:			
Current portion of long term debt	\$ 39	\$ 30	\$ 36
Accounts payable	7,256	7,759	4,424
Accrued expenses & other liabilities	5,557	11,137	5,906
Liabilities of discontinued ops	572	503	548
Total current liabilities	13,424	19,429	10,914
Long-term debt, less current portion	79	3	70
Other long-term liabilities	14,577	14,477	14,547
Total liabilities	<u>28,080</u>	<u>33,909</u>	<u>25,531</u>
STOCKHOLDERS' EQUITY			
Common stock	824	824	824
Additional paid in capital	29,948	36,079	30,095
Retained earnings	42,246	48,292	37,226
Treasury stock	(14,169)	(20,398)	(14,174)
Total stockholders' equity	<u>58,849</u>	<u>64,797</u>	<u>53,971</u>
	<u>\$ 86,929</u>	<u>\$ 98,706</u>	<u>\$ 79,502</u>



Balance Sheet Improvement

Cash Position (in 000's)

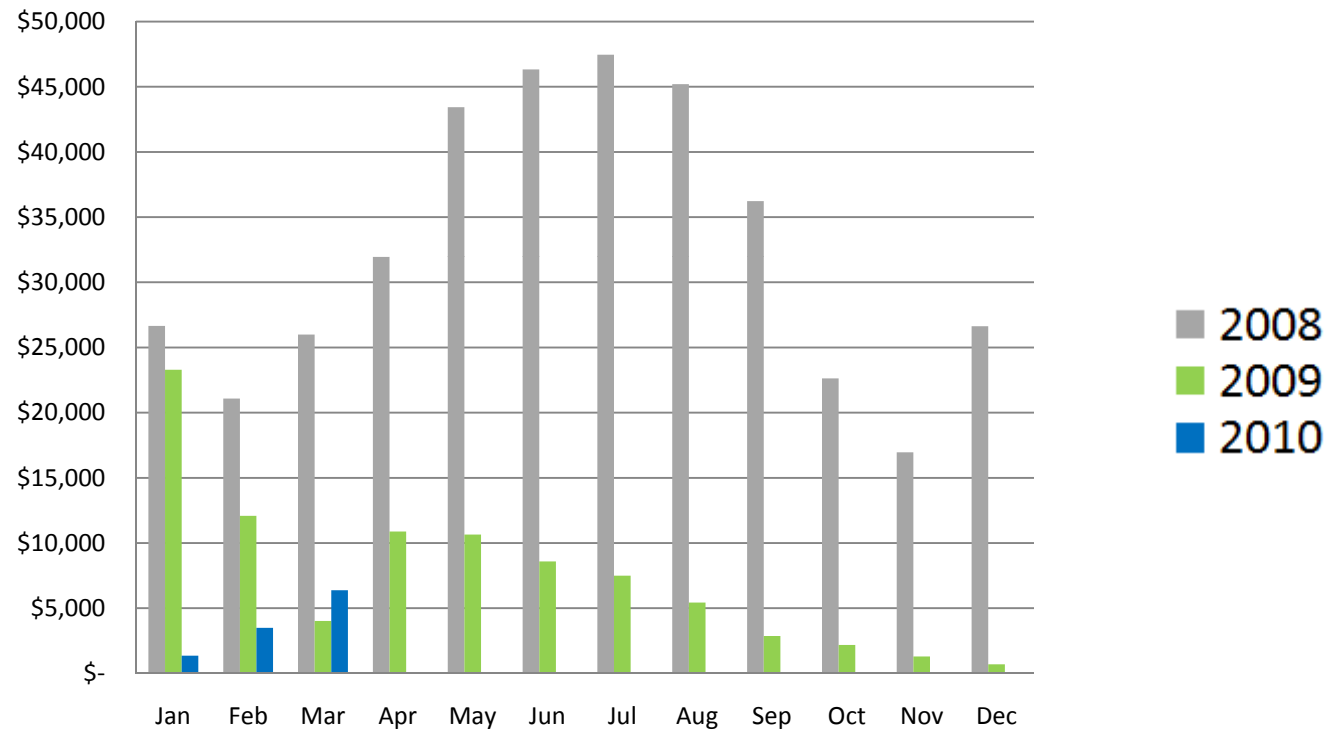
NET CASH (DEBT) SUMMARY



Balance Sheet Improvement

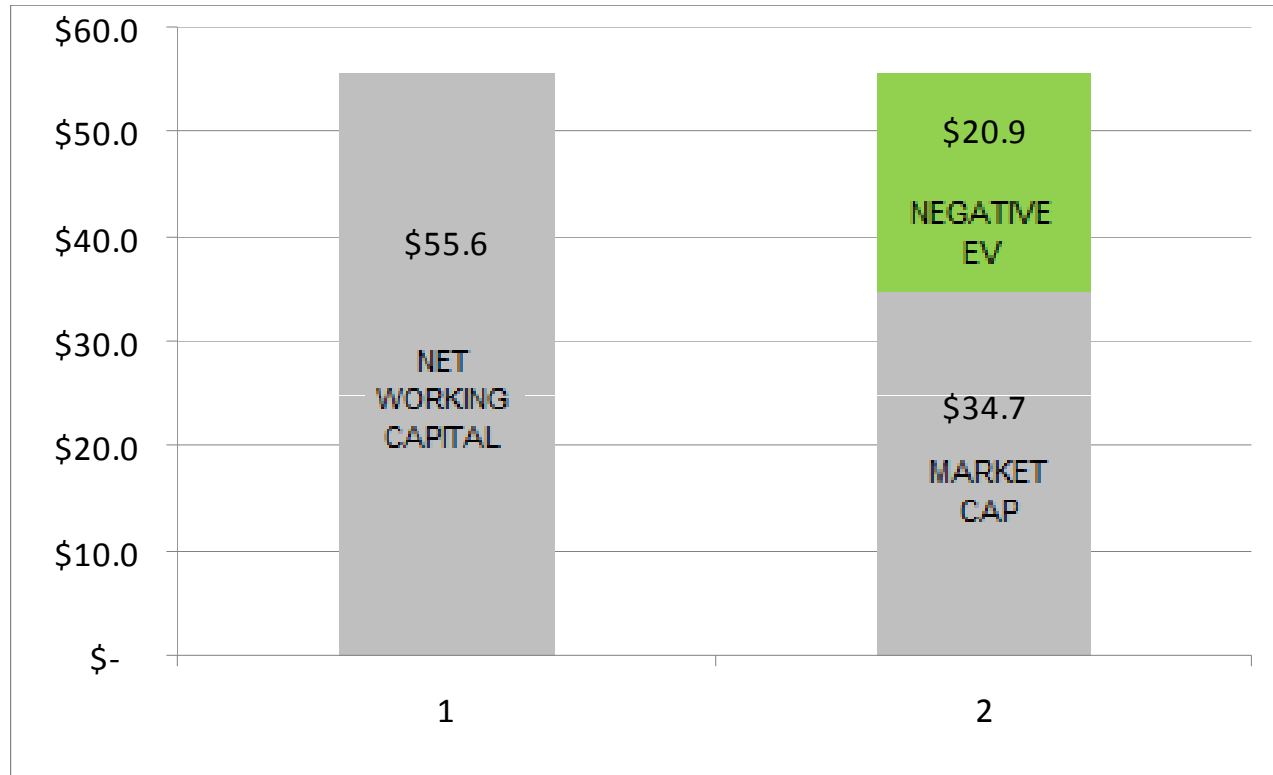
Improved LC Usage (in 000's)

TRADE LC SUMMARY



Stock Valuation

(in millions)



(1) Net Working Capital is defined as current assets less current liabilities (excluding discontinued operations) as of 4/3/2010

(2) Market Cap as of 5/28/10



Conclusion

Recent history of challenges is largely behind us

New management team, significant board changes

Restructuring complete, special costs largely finished

Value Creation Strategy to recoup lost sales and grow business organically

Solid balance sheet : \$55.6M in net working capital (as of 4/3/10), equaling \$8.83 in net working capital per share compared to stock price of \$5.50 (as of 5/28/10)



2010

