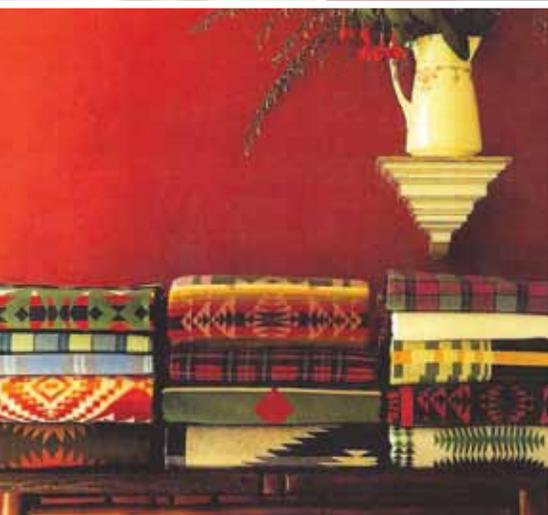


PENDLETON®
WEAVING AMERICA'S SPIRIT

THE
STORY





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AN INTRODUCTION Weaving America's Spirit Since 1909

My great-great-grandfather, Thomas Kay, arrived in Oregon in 1863. An English weaver by trade and an adventurer by nature, he first worked as a boss weaver and later opened his own mill in Salem, Oregon.

From the beginning, Kay's descendants began weaving a thriving enterprise that became Pendleton Woolen Mills. After almost 150 years, our company remains family owned into the sixth generation.

The Pendleton collection still includes those products that brought the company initial recognition—distinctive woolen blankets and exceptional woolen fabric. The introduction of new products reflects current consumer needs, tastes and trends. Our full range of better sportswear for men and women, in wool and non-wool fabrics, makes Pendleton a year-round resource, and our extensive line of exceptional home furnishings and accessories further expands our business.

All our products carry the “Warranted To Be” Pendleton promise, which recognizes the philosophy of my grandfather, C.M. Bishop, an unwavering commitment to quality, value, experience and trust.

That commitment extends to sound and forward-looking business practices, as well as to environmental responsibility. State-of-the-art electronic systems streamline our operations. Careful consideration of the impact on the environment demonstrates Pendleton's Northwest roots and inborn respect for the environment.

With the increased worldwide competition, Pendleton has moved into a global marketplace using select suppliers and distributing product internationally. Dynamic and responsive, Pendleton combines the strength of heritage with an innovative, forward focus.

While my cousins and I have inherited a craft, we are well aware that you don't inherit reputation. You live up to it.

We know how rare it is for a business to still be owned, operated, and sustained by six generations of one family. We feel fortunate to continue the pioneering spirit and the independence of hands-on management that started so many years ago with one man's vision.

Sincerely,
C.M. Bishop III
C.M. Bishop III



Abraham Lincoln delivers
Gettysburg Address

Country celebrates its centennial
with exhibits and celebrations

1863

1876

Thomas Kay, English-born, comes to Oregon as boss weaver in a pioneer mill during the Civil War

Marriage of Kay's daughter, Fannie, to C.P. Bishop combines experience in both woolen manufacturing and specialty retailing

THERE IS A PLACE CALLED PENDLETON.

In 1863, traveling down the Atlantic seaboard, crossing the Isthmus of Panama on a burro, and sailing up the Pacific coast took a grueling four-month passage. Yet for Thomas Kay, a young English weaver, it led to destiny.

After working earlier in East Coast woolen textile mills, Kay ultimately arrived in Oregon, where he found a pristine wonderland of forests, mountains, rivers and lakes. Its temperate climate, abundant wool and plentiful water formed an ideal environment for Kay's talent, skills and vision.

Kay helped organize Oregon's second woolen mill in Brownsville. In 1889, Kay opened his namesake mill in Salem, Oregon.

His eldest daughter, Fannie, learned the mill business and ably assisted her father in mill management. She married retail merchant C.P. Bishop, and together they passed on the traditions of fabric craftsmanship and merchant retailing to their three sons: Clarence, Roy and Chauncey.

In 1909, the Bishop brothers opened a defunct mill in the Eastern Oregon frontier town of Pendleton. The combined financial backing of the townspeople of Pendleton, Oregon, through a bond issue, and equal support from the Bishop family, Fannie and CP's sons built a new mill in Pendleton, specializing in weaving jacquard design Indian blankets.

By September of that year, the first product, Indian Trade Blankets emerged from the new finishing department. The tradition of Pendleton Woolen Mills began with the company's first consumers, the local Native Americans of the Columbia Plateau: Cayuse, Walla Walla and Umatilla tribes.

A warm and respectful relationship with the American Indian community has endured ever since. Pendleton blankets play an important ceremonial role as prized gifts to recognize life-defining events of birth, emergence into adulthood, marriage and death.

In 1912, the capability of Pendleton Woolen Mills was enlarged with the acquisition of a mill in Washougal, Washington that had the capacity for fabric variety, opening up new opportunities for the company.



America begins its love affair with the automobile

1909



There is a place called Pendleton 1909. Fannie and CP's sons open a defunct mill and specialize in making jacquard Indian Blankets

America enters World War I

1917



Thousands of American soldiers and sailors kept warm by Pendleton wool blankets



Men's wool shirts come in one color - grey

1924

Pendleton introduces its quality wool shirt bringing color and plaid pattern together to create what will become an American icon



Olympic Games held in Los Angeles

1932

Pendleton awarded commission to provide a special blanket in honor of the Olympic Games

TIMELESS STYLE, EVOLVING NEEDS

In 1924, it was said, you could have any color man's shirt you wanted — as long as it was grey.



Drab in color and design, wool shirts were considered utilitarian items, worn for warmth and protection from the Northwest elements.

C.M. Bishop had a vision for colorful men's shirts of beautiful plaid patterns. New and innovative fabrics were a natural extension of Pendleton's woolen blanket origins.

In 1924, the legendary Pendleton, 100% virgin wool shirt was born. With bold colors and complex patterns, the Pendleton shirt revolutionized the wardrobes of men. Noted author Zane Grey was an early admirer.

In the 60's, five young men who later became the Beach Boys, started their singing career as the Pendletones, with the Pendleton shirt as the uniform. As they embraced a new identity, their quintessential shirt became the symbol of the surfing scene. Today, surfers and boarders still claim the Pendleton shirt as the icon of their sport.

Five years later, Pendleton produced its first full line of men's wool sportswear.



In 1949, Pendleton introduced virgin wool apparel for women. The emerging suburban of postwar America signaled a new consumer need and opportunity for classic sportswear. Pendleton had an instant hit with the simple and casual 49'er jacket. Today the 49'er is still turning heads and still thrives as one of Pendleton's most popular women's products.

As the apparel divisions grew, Pendleton responded to a consumer need for non-wool garments to complement its fine woolen coordinates. By 1972, Pendleton had become a year-round apparel resource.

Pendleton added a Home division in 1999, expanding the blanket offering of the company with related lifestyle items; as new materials were developed to augment its essential wool core competency.

Pendleton heritage lies in its exciting use of colors and commitment to coordination and matching of color across a collection. Weaving famous plaids and tartans, and the use of 100% virgin wool in innovative fabrics has resulted in unmatched quality and value.

Pearl Harbor marks America's entry into World War II

1941

Pendleton devotes most of its manufacturing to production for the U.S. military



George Orwell publishes 1984; the bikini is making waves

1949

Pendleton Womenswear launched with trend-setting 49'er jacket

THE “WARRANTED TO BE A PENDLETON” QUALITY CREDO

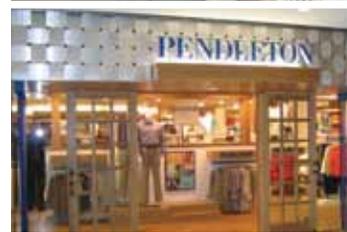
At Pendleton, product development is based on a team approach, a family approach. By using a vertical organization model, Pendleton has the advantage, and responsibility, of monitoring each step of the production process. This allows the company to achieve high efficiency and maintain consistent quality.

Successful product development depends on a fine balance between creative, production and marketing components. Fashion and fabric designers travel regularly to international fashion markets and work hand-in-hand with pattern technicians and product engineers. This allows Pendleton to stay current with trends, and retain creative control and agility in changing market conditions.

Pendleton employs its own extensive fabric and garment testing program, uncommon among apparel manufacturers. At Pendleton, all products are carefully inspected, and must measure up to the high standards of 100% virgin wool, before the “Warranted To Be A Pendleton” label is applied.

Pendleton products are marketed around the globe. Menswear, Womenswear, and Home are responsible for the wholesale of seasonal merchandise to department and speciality retailers, in the USA and to international markets, including China, Japan, Canada and Europe.

An internal Catalog Division for apparel and home items, and an E-commerce Website, www.pendleton-usa.com, complement a nation-wide network of Pendleton Corporate Retail stores and Outlets. As a multi-channel company, Pendleton enjoys and appreciates a unique opportunity to interact with the better classic consumer.



Walt Disney's dream of a theme park becomes reality – Disneyland



1955

Pendleton is a founding tenant with a product store in Frontierland

Elvis Presley's "Blue Suede Shoes" and "Hound Dog" top the charts

1956

The new Reversible Pleat Skirt turns fashion inside-out, Pendleton plaids are the campus rage

Singing group, "Pendletones" take their name from the popular shirt; they later become the Beach Boys

1960

The Pendleton Plaid Shirt becomes the surfing wardrobe



Women enter workforce in record numbers

1976

Pendleton responds to women's needs by expanding into career clothing and Plus sizes



THE PROCESS BEGINS

Pendleton's operation starts with the planning process, which takes place at Pendleton headquarters in Portland, Oregon. The next step is the purchase of raw wool. Pendleton buyers shop world markets, but much of Pendleton's wool comes from the United States and from growers the company has worked with for generations.

THE FABRIC MATERIALIZES

Pendleton owns and operates weaving mills in Oregon and Washington. The steps involved in wool fabric production (including dyeing, carding, spinning, weaving and finishing) are taken under the watchful eyes of Pendleton craftsmen.

ALL SEWN UP

Pendleton is renown for its tailoring expertise, constructing sportswear, outerwear and Western wear in a range of styles and fabrications. Apparel production requires pattern grading (the sizing of patterns), marker making (pattern layout), cutting, fusing, sewing and pressing. Although traditionally labor intensive, today many of these processes are electronically controlled or assisted. This technology helps Pendleton gain efficiencies and produce consistent quality. Consumers can rely on uniform sizing, construction and attention to detail from Pendleton garments.



PERFECT TIMING

For a vertical operation to be effective, it's essential to maintain a smooth and timely flow of goods from one step to the next. Pendleton's sophisticated information systems ensure a balanced flow of raw materials through production and on to finished products.

Once finished, Pendleton products are coordinated at distribution centers to await a carefully programmed release to the marketplace. The products are sold in select department and specialty stores throughout the United States and across the world and through Pendleton stores, catalog and website.

GLOBAL DIVERSITY

Pendleton's growth from a woolen manufacturer to a year-round apparel resource required an increase in fabric variety. Today, partnerships with fabric and garment resources both within and outside the United States enable Pendleton to offer an enhanced assortment of quality products at competitive values. All Pendleton products must meet the same stringent standards that warrant them to be authentically Pendleton. Participation in the global economy also includes distribution of Pendleton apparel and home products to Canada, Japan, China and Europe.

THE RESULTS

The precise attention paid to each step in the process allows for constant dialogue and quality check between all areas of the company. Pendleton maintains this control to ensure its strong commitment to the highest-quality products, products that can carry the Pendleton "Warranted To Be" label.

Baby boomers reach middle age

1984

Pendleton pioneers Women's Petite and Tall sizes, and Menswear Big and Tall sizes

Genealogy becomes second most researched topic on Internet

1999

Pendleton brings back heritage items: 49'er Jacket and Reversible Pleated Skirt for women and Topsman for men

America continues trend toward staying home entering the cocooning era

2002

Pendleton expands Blanket products for the bedroom, and washable wool products for home and apparel; first Home Store launched

World events prompt a re-evaluation of values on a personal, national and international level

2003

Pendleton celebrates a 140-year family legacy. The pioneering tradition continues in the same family 5 generations later

STEP 1



RAW WOOL

Highest-quality 100% virgin wool is selected from Pendleton's family of wool suppliers. Measured by fiber fineness, crimp, length, strength and color, raw wool is hand-graded and sorted.

STEP 2



SCOURING

The wool moves through a duster, several baths and squeeze rolls to remove water, dirt and grease. The recovered grease becomes lanolin, which is sold as a natural softener and lubricant.

STEP 3



DYEING

Pendleton dyes its fabric at three stages of production—as fiber, as yarn and as fabric. Carefully controlled temperature and pressure ensure rich, permanent color and exact color matching, season after season.

STEP 4



CARDING

Wool fibers are combed into fine sheets, and then divided into thin strands called roving. Fine wires smooth and align the wool into a thin, uniform web, which is divided and rubbed by rolls to form equal-sized strands of roving. The roving is wound onto large spools in preparation for spinning.

STEP 5



SPINNING

During spinning, yarn is formed by drawing out and twisting the strands of roving, which adds strength to the yarn. After spinning, the yarn is steamed to set the twist and eliminate kinking.

STEP 6



WEAVING

Technologically advanced computers are employed in weaving, as two sets of yarns are interlaced at right angles to form cloth or fabric. Lengthwise (warp) yarns and crosswise (weft) yarn are woven together in detailed patterns and plaids.

STEP 7



FINISHING

In the first finishing step, called fulling, fabric is subjected to controlled amounts of heat, moisture, friction and pressure. The shrinkage produces a softer, more compact fabric. Carbonizing the fabric removes any remaining vegetable matter. Next, shearing produces an even surface, and the material is pressed and sponged. Finally, Pendleton inspects, measure and rolls the fabric to ship to garment factories.

STEP 8



WARRANTED TO BE

From blankets to fine all season fabrics, to exquisite home furnishings, Pendleton's craftspeople are masters of fabric in all its variations. Pendleton remains true to the founding principals of quality, using both old-fashioned know-how and modern technology to create products that are "Warranted To Be," for today's consumer.

PRODUCT

WOMENSWEAR:

Timeless quality and classic design are the hallmarks of Pendleton's womenswear. Pendleton designers envision rich colors, intricate plaids and wonderful prints. Whether silk, cotton, linen or wool, each fabric is color matched so that all pieces of a collection coordinate. Pendleton clothing—jackets, skirts, pants, coats, blouses, shirts, and accessories—offer exceptional value because of their enduring style and quality. Pendleton's style of classic sportswear grew out of a time when the American woman was just beginning to balance multiple responsibilities. Women today appreciate the wide range of lifestyle and wardrobe needs addressed through classic styles in modern fabrications. Three distinct collections—fall, holiday and spring/summer—and a diverse range of fabrics make Pendleton a year-round choice. From career to casual, garments are offered in Misses, Petite, and Plus sizes.



BLANKETS AND HOME:

Blankets:

After a century of blanket making from dyeing to spinning to weaving—Pendleton knows which fibers are the softest, the warmest and the lightest. Indian blankets remain the heart of the Pendleton line as they were the first products of the original Pendleton Woolen Mill. These unique wool blankets are now valued not only by Native Americans, but by all who appreciate classic American design. Craftsmen highly skilled in the artistry of weaving use jacquard looms to create intricate patterns through individual control of every thread of yarn in the fabric. Not only are these blankets enjoyed for their warmth, they are often used as decorative elements. Limited edition blankets are highly sought after by collectors. Pendleton's blanket line has grown to include stadium blankets and occasional throws, novelty, bed and crib blankets, athletic award, corporate logo and saddle blankets and pillows.

MENSWEAR:

As an authentic American brand, Pendleton Menswear offers a man options for every part of his life. Our mills weave fabrics that make the most of nature's original high performance fiber, wool. Menswear has expanded Pendleton's "Warranted To Be" quality into a year-round line of apparel. The Pendleton shirt continues its success with plaids, tartans and ombres that are unmatched in style, color and quality. Nothing else looks like a Pendleton and nothing else wears like a Pendleton. This is why Pendleton is consistently sought out for collaborations with designers of athletic wear, street fashion, western gear and high fashion couture. Whether it's a sophisticated city coat, a rugged denim jacket or a Native American-inspired jacquard wool vest, Pendleton is a man's year-round choice for authentic quality Menswear.

Home:

Pendleton's newest division brings the Pendleton aesthetic into all areas of the home. Inspired by the Pacific Northwest's beauty and Native American heritage, idyllic cabins in the north woods, classic American hunting and fishing lodges, and the exuberance of the Wild West, Pendleton home products can enhance any decorating style. The line includes highest-quality bed blanket, Pendleton's signature blankets and a wide range of luxury leather and wood furniture. Many pieces are upholstered with Pendleton fabrics. Fabric by the yard is available to complement a look, such as coordinating tablecloths, window panels, pillows or slipcovers. The home collection also features an array of fine tableware, glasses, lamps and rugs. An extensive gift collection offers many choices including candles, jewelry, and artwork.

“WARRANTED TO BE”

At Pendleton, “Warranted To Be” is more than a catchphrase. The words echo the enduring customer promise first made by Pendleton founder C.M. Bishop to stand behind the quality and craftsmanship of every product his company made and sold.

Six generations later, “Warranted To Be” further represents an appreciation of what has come before, the dedication to pass it on, and the will to live up to the company’s heritage. It promises the long-term vision and pride-in-product inherent in a pioneering, family-owned company.

Pendleton works in partnership with leading organizations in the sustainability movement to be a model for environmentally conscious business. Through concerted efforts in water conservation and heat recovery, Pendleton significantly reduced its mills’ energy usage and water consumption. As a woolen manufacturer, Pendleton has been in the recycling business for a long time, reselling scraps of wool and recovering lanolin through wool processing. And, from the beginning, Pendleton chose nature’s original renewable fiber, wool.

Pendleton is dedicated to supporting its heritage and giving back.

The company proudly supports the American Indian College Fund through the sale of special blankets designed expressly for the AICF. Pendleton has other philanthropic partnerships with the Museum of the American Indian at the Smithsonian, and the Fisher House, for the families of recovering veterans.

Preserving a legacy comes naturally at Pendleton. Charlie Bishop, manager of Pendleton mills, and member of the fifth generation of the Bishop family, says, “We live where we work, and we love what we do. Fabric matters. We say that we’re of-the-cloth because of our expertise and craftsmanship.”

While Pendleton has come a long way since Thomas Kay’s pioneer adventure in Oregon, the company remains committed to its original values of quality, innovation and responsibility. Values crafted a century ago...in a place called Pendleton.



PENDLETON WOOLEN MILLS

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