

UNITED STATES
SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 4, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-07572

PHILLIPS-VAN HEUSEN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-1166910

(IRS Employer
Identification No.)

200 Madison Avenue

New York, New York

(Address of principal executive offices)

10016

(Zip Code)

(212) 381-3500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of outstanding shares of common stock, par value \$1.00 per share, of the registrant as of November 30, 2007 was 56,487,998.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Quarterly Report on Form 10-Q including, without limitation, statements relating to our future revenues and cash flows, plans, strategies, objectives, expectations and intentions, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not be anticipated, including, without limitation, the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores, and the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositioning of brands by our licensors and other factors; (iii) our plans and results of operations will be affected by our ability to manage our growth and inventory, including our ability to continue to realize revenue growth from developing and growing Calvin Klein; (iv) our operations and results could be affected by quota restrictions and the imposition of safeguard controls (which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and technical expertise needed), the availability and cost of raw materials (particularly petroleum-based synthetic fabrics, which are currently in high demand), our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced), and civil conflict, war or terrorist acts, the threat of any of the foregoing, or political and labor instability in the United States or any of the countries where our products are or are planned to be produced; (v) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; (vi) acquisitions and issues arising with acquisitions and proposed transactions, including without limitation, the ability to integrate an acquired entity into us with no substantial adverse affect on the acquired entity's or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance; (vii) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; (viii) our ability to return value to our stockholders through our stock repurchase program is dependent upon our stock price and the extent to which cash is used for other purposes; and (ix) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenues or cash flows, whether as a result of the receipt of new information, future events or otherwise.

ITEM 1 - FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

We have reviewed the consolidated balance sheets of Phillips-Van Heusen Corporation as of November 4, 2007 and October 29, 2006, the related consolidated income statements for the thirteen and thirty-nine week periods ended November 4, 2007 and October 29, 2006 and the related consolidated statements of cash flows for the thirty-nine week periods ended November 4, 2007 and October 29, 2006. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Phillips-Van Heusen Corporation as of February 4, 2007, and the related consolidated income statement, statement of changes in stockholders' equity, and statement of cash flows for the year then ended (not presented herein) and in our report dated March 26, 2007, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 4, 2007, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ ERNST & YOUNG LLP

New York, New York
December 13, 2007

Phillips-Van Heusen Corporation
Consolidated Balance Sheets
(In thousands, except share and per share data)

	November 4, <u>2007</u> UNAUDITED	February 4, <u>2007</u> AUDITED	October 29, <u>2006</u> UNAUDITED
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 336,629	\$ 366,099	\$ 358,602
Accounts receivable, net of allowances for doubtful accounts of \$2,564, \$2,553 and \$5,431	267,982	92,317	171,560
Inventories	332,107	284,894	280,762
Prepaid expenses	31,058	39,553	10,794
Other, including deferred taxes of \$1,969, \$1,969 and \$23,435	<u>2,221</u>	<u>2,140</u>	<u>23,603</u>
Total Current Assets	969,997	785,003	845,321
Property, Plant and Equipment, net	202,748	172,040	157,689
Goodwill	295,363	271,111	221,068
Tradenames	621,135	621,135	612,966
Perpetual License Rights	86,000	86,000	86,000
Customer Relationships	33,534	35,310	-
Other Assets	<u>29,573</u>	<u>27,886</u>	<u>24,683</u>
Total Assets	<u>\$2,238,350</u>	<u>\$1,998,485</u>	<u>\$1,947,727</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable	\$ 128,090	\$ 81,874	\$ 74,693
Accrued expenses	161,069	173,583	156,427
Deferred revenue	<u>20,641</u>	<u>27,709</u>	<u>19,772</u>
Total Current Liabilities	309,800	283,166	250,892
Long-Term Debt	399,549	399,538	399,535
Other Liabilities, including deferred taxes of \$221,377, \$256,322 and \$265,704	418,469	373,624	393,916
Stockholders' Equity:			
Preferred stock, par value \$100 per share; 150,000 total shares authorized; no shares issued	-	-	-
Common stock, par value \$1 per share; 240,000,000 shares authorized; 56,491,355; 55,850,012 and 55,500,599 shares issued	56,491	55,850	55,501
Additional capital	556,052	530,002	517,971
Retained earnings	528,204	388,555	363,877
Accumulated other comprehensive loss	(29,981)	(32,200)	(33,965)
Less: 4,207; 1,000 and 0 shares of common stock held in treasury, at cost	<u>(234)</u>	<u>(50)</u>	<u>-</u>
Total Stockholders' Equity	<u>1,110,532</u>	<u>942,157</u>	<u>903,384</u>
Total Liabilities and Stockholders' Equity	<u>\$2,238,350</u>	<u>\$1,998,485</u>	<u>\$1,947,727</u>

See accompanying notes.

Phillips-Van Heusen Corporation
Consolidated Income Statements
Unaudited
(In thousands, except per share data)

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	November 4, <u>2007</u>	October 29, <u>2006</u>	November 4, <u>2007</u>	October 29, <u>2006</u>
Net sales	\$611,399	\$500,235	\$1,620,714	\$1,361,543
Royalty revenue	62,851	52,037	159,440	130,384
Advertising and other revenue	<u>22,120</u>	<u>15,989</u>	<u>60,498</u>	<u>41,700</u>
Total revenue	696,370	568,261	1,840,652	1,533,627
Cost of goods sold	<u>367,762</u>	<u>287,880</u>	<u>942,018</u>	<u>783,375</u>
Gross profit	328,608	280,381	898,634	750,252
Selling, general and administrative expenses	226,310	195,738	642,856	564,148
Gain on sale of investments, net	<u>-</u>	<u>-</u>	<u>3,335</u>	<u>32,043</u>
Income before interest and taxes	102,298	84,643	259,113	218,147
Interest expense	8,405	8,568	25,378	25,699
Interest income	<u>4,300</u>	<u>4,645</u>	<u>12,856</u>	<u>11,798</u>
Income before taxes	98,193	80,720	246,591	204,246
Income tax expense	<u>37,314</u>	<u>29,947</u>	<u>93,606</u>	<u>75,775</u>
Net income	60,879	50,773	152,985	128,471
Preferred stock dividends	-	-	-	3,230
Inducement payment and offering costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,948</u>
Net income available to common stockholders	<u>\$ 60,879</u>	<u>\$ 50,773</u>	<u>\$ 152,985</u>	<u>\$ 114,293</u>
Basic net income per common share	<u>\$ 1.08</u>	<u>\$ 0.92</u>	<u>\$ 2.72</u>	<u>\$ 2.24</u>
Diluted net income per common share	<u>\$ 1.05</u>	<u>\$ 0.89</u>	<u>\$ 2.65</u>	<u>\$ 2.19</u>
Dividends declared per common share	<u>\$ 0.075</u>	<u>\$ 0.0375</u>	<u>\$ 0.15</u>	<u>\$ 0.1125</u>

See accompanying notes.

Phillips-Van Heusen Corporation
Consolidated Statements of Cash Flows
Unaudited
(In thousands)

	<u>Thirty-Nine Weeks Ended</u>	
	November 4, <u>2007</u>	October 29, <u>2006</u>
OPERATING ACTIVITIES:		
Net income	\$152,985	\$128,471
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	28,540	23,923
Amortization	5,243	3,430
Deferred taxes	1,359	36,366
Stock-based compensation	7,668	5,707
Impairment of long-lived assets	1,331	3,418
Gain on sale of investments, net	(3,335)	(32,043)
Changes in operating assets and liabilities:		
Accounts receivable	(175,665)	(68,760)
Inventories	(47,213)	(23,043)
Accounts payable, accrued expenses and deferred revenue	39,204	20,233
Prepaid expenses	8,495	7,328
Other, net	<u>24,547</u>	<u>7,411</u>
Net cash provided by operating activities	<u>43,159</u>	<u>112,441</u>
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(61,026)	(26,380)
Purchase price adjustment from acquisition of Superba, net	782	-
Contingent purchase price payments to Mr. Calvin Klein	(25,034)	(21,069)
Proceeds from sale of investments	<u>3,335</u>	<u>32,811</u>
Net cash used by investing activities	<u>(81,943)</u>	<u>(14,638)</u>
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	12,351	10,277
Excess tax benefits from exercise of stock options	5,599	3,119
Acquisition of treasury shares	(184)	-
Cash dividends on common stock	(8,452)	(5,776)
Cash dividends on preferred stock	-	(3,230)
Inducement payment and offering costs	<u>-</u>	<u>(10,948)</u>
Net cash provided (used) by financing activities	<u>9,314</u>	<u>(6,558)</u>
(Decrease) Increase in cash	(29,470)	91,245
Cash at beginning of period	<u>366,099</u>	<u>267,357</u>
Cash at end of period	<u>\$336,629</u>	<u>\$358,602</u>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar and share amounts in thousands, except per share data)

1. GENERAL

The Company's fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1, and are designated by the calendar year in which the fiscal year commences.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not contain all disclosures required by accounting principles generally accepted in the United States for complete financial statements. Reference should be made to the audited consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended February 4, 2007.

The preparation of interim financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from the estimates.

The results of operations for the thirteen and thirty-nine weeks ended November 4, 2007 and October 29, 2006 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. In addition, comparisons between the thirteen and thirty-nine weeks ended November 4, 2007 and October 29, 2006 are being impacted by the extra week (53rd week) in 2006, which results in the calendar weeks in each fiscal period of 2007 being compared to a different calendar week period in 2006. The data contained in these financial statements are unaudited and are subject to year-end adjustments. However, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods.

Certain reclassifications have been made to the consolidated financial statements and the notes thereto for the prior year periods to present that information on a basis consistent with the current year.

References to the brand names *Calvin Klein Collection*, *ck Calvin Klein*, *Calvin Klein*, *Van Heusen*, *IZOD*, *Eagle*, *Bass*, *G.H. Bass & Co.*, *G.H. Bass Earth*, *Geoffrey Beene*, *ARROW*, *BCBG Max Azria*, *BCBG Attitude*, *CHAPS*, *Sean John*, *Donald J. Trump Signature Collection*, *JOE Joseph Abboud*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *unlisted*, *A Kenneth Cole Production*, *MICHAEL Michael Kors*, *DKNY*, *Tommy Hilfiger*, *Nautica*, *Perry Ellis Portfolio*, *Ike Behar*, *Jones New York* and to other brand names are to registered trademarks owned by the Company or licensed to the Company by third parties and are identified by italicizing the brand name.

2. INVENTORIES

Inventories related to the Company's wholesale operations, comprised principally of finished goods, are stated at the lower of cost or market. Inventories related to the Company's retail operations, comprised entirely of finished goods, are stated at the lower of average cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost is calculated by applying a cost-to-retail ratio to the retail value of inventories. Permanent and point of sale markdowns, when recorded, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. Cost for certain apparel and accessory inventories is determined using the last-in, first-out method ("LIFO"). Cost for all other inventories is determined using the first-in, first-out method ("FIFO"). At November 4, 2007, February 4, 2007 and October 29, 2006, no LIFO reserves were recorded because LIFO cost approximated FIFO cost.

3. ACQUISITION OF SUPERBA

On January 2, 2007, the Company completed its acquisition of substantially all of the assets of Superba, Inc. ("Superba"), a privately-held manufacturer and distributor of neckwear in the United States and Canada. Prior to the acquisition, Superba had been licensing the *ARROW* trademark from the Company for use on and in connection with neckwear. The Company paid \$113,262, including transaction expenses, in the fourth quarter of 2006 and incurred additional transaction expenses of \$320 during the thirty-nine weeks ended November 4, 2007 in connection with the

acquisition. The amount paid by the Company at closing for the acquisition was subject to adjustment based on the difference between the average working capital and closing date working capital of the acquired business. During the thirty-nine weeks ended November 4, 2007, the Company was repaid amounts totaling \$1,102 based on such difference. The Company is required to pay contingent purchase price payments to Superba if the earnings of the acquired business exceed certain targets in 2007, 2008 and 2009. The maximum payout that Superba can receive is \$15,000, \$25,000 and \$30,000 with respect to earnings in 2007, 2008 and 2009, respectively. Any such payments would be payable 90 days after the applicable year-end and would be recorded as additions to goodwill. The earnings target for 2007 had not been exceeded for the thirty-nine weeks ended November 4, 2007, and no assurance can be made that the earnings required to be met by the acquired business to earn the maximum payout (or any other payout) can be achieved. Therefore, no such payment liability was recorded for the thirty-nine weeks ended November 4, 2007.

4. GOODWILL

The changes in the carrying amount of goodwill for the period ended November 4, 2007, by segment, were as follows:

	Wholesale Dress Furnishings	Wholesale Sportswear and Related Products	Calvin Klein Licensing	Total
Balance as of February 4, 2007	\$50,289	\$82,133	\$138,689	\$271,111
Contingent purchase price payments to Mr. Calvin Klein	-	-	25,034	25,034
Adjustments to Superba purchase price allocation	<u>(782)</u>	<u>-</u>	<u>-</u>	<u>(782)</u>
Balance as of November 4, 2007	<u>\$49,507</u>	<u>\$82,133</u>	<u>\$163,723</u>	<u>\$295,363</u>

Contingent purchase price payments to Mr. Calvin Klein relate to the Company's acquisition in 2003 of all of the issued and outstanding stock of Calvin Klein, Inc. and certain affiliated companies (collectively, "Calvin Klein"). Such payments are based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands for 15 years from the date of purchase.

5. RETIREMENT AND BENEFIT PLANS

The Company has noncontributory defined benefit pension plans covering substantially all United States employees meeting certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service.

The Company also has an unfunded non-qualified supplemental defined benefit pension plan, which provides benefits for compensation in excess of Internal Revenue Service earnings limits and requires payments to vested employees upon employment termination or retirement, or shortly thereafter.

In addition to the defined benefit pension plans described above, the Company has a capital accumulation program ("CAP Plan"), which is an unfunded non-qualified supplemental defined benefit plan covering 23 current and retired executives. Under the individual participants' CAP Plan agreements, the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the CAP Plan for at least 10 years and has attained age 55.

The Company and its domestic subsidiaries also provide certain postretirement health care and life insurance benefits. Retirees contribute to the cost of this plan, which is unfunded. During 2002, the postretirement plan was amended to eliminate benefits for active participants who, as of January 1, 2003, had not attained age 55 and 10 years of service.

Net benefit cost related to the pension plans was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Service cost, including plan expenses	\$ 1,932	\$ 1,738	\$ 5,796	\$ 5,215
Interest cost	3,619	3,468	10,857	10,404
Amortization of net loss	1,275	1,332	3,824	3,998
Expected return on plan assets	(4,338)	(3,881)	(13,014)	(11,632)
Amortization of prior service cost	25	83	76	248
Settlement loss	-	-	-	2,247
Special termination benefits	-	-	-	723
Total	<u>\$ 2,513</u>	<u>\$ 2,740</u>	<u>\$ 7,539</u>	<u>\$ 11,203</u>

The settlement loss for the thirty-nine weeks ended October 29, 2006 resulted from the departure of Mark Weber, the Company's former Chief Executive Officer.

The special termination benefits for the thirty-nine weeks ended October 29, 2006 resulted from the closure of the Company's manufacturing facility located in Ozark, Alabama.

Net benefit cost related to the CAP Plan was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Service cost, including plan expenses	\$ 46	\$ 45	\$138	\$135
Interest cost	<u>251</u>	<u>242</u>	<u>753</u>	<u>726</u>
Total	<u>\$297</u>	<u>\$287</u>	<u>\$891</u>	<u>\$861</u>

Net benefit cost related to the postretirement plan was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Interest cost	\$ 349	\$ 330	\$1,047	\$1,049
Amortization of net loss	97	108	291	316
Amortization of prior service benefit	(204)	(237)	(613)	(613)
Special termination benefits	-	-	-	242
Total	<u>\$ 242</u>	<u>\$ 201</u>	<u>\$ 725</u>	<u>\$ 994</u>

6. INCOME TAXES

The Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48") in the first quarter of 2007. As a result of the implementation of FIN 48, the Company increased its liability for unrecognized tax benefits by \$4,884, inclusive of interest and penalties, which was accounted for as a reduction to the Company's beginning balance of retained earnings for first quarter of 2007. In addition, the Company reclassified \$48,955 from taxes payable and deferred tax liabilities to a liability for unrecognized tax benefits for the first quarter of 2007. The total amount of unrecognized tax benefits as of the beginning of 2007 was \$53,839.

Upon adoption of FIN 48, the Company elected to classify any interest and penalties related to unrecognized tax benefits in the Company's income tax provision. Interest and penalties recognized in the Company's Consolidated Income Statement for the thirty-nine weeks ended November 4, 2007 totaled \$2,238. Interest and penalties accrued in the Company's Consolidated Balance Sheet as of November 4, 2007 totaled \$4,217.

During the thirty-nine weeks ended November 4, 2007, the Company's liability for unrecognized tax benefits increased by \$12,325 to \$66,164. Such increase related principally to tax positions taken during the current year. If the total amount of unrecognized tax benefits was recognized, \$64,222 of this amount would reduce the effective tax rate and \$1,942 of this amount would reduce goodwill.

The Company files income tax returns in the United States and in various foreign, state and local jurisdictions. With few exceptions, either examinations have been completed by tax authorities or the statute of limitations has expired for United States Federal, foreign, state and local income tax returns filed by the Company for years through 2002.

While it is expected that the amount of unrecognized tax benefits will increase in the next 12 months, the Company does not expect this change to have a significant impact on the Company's consolidated results of operations or financial position.

7. COMPREHENSIVE INCOME

Comprehensive income was as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Net income	\$60,879	\$50,773	\$152,985	\$128,471
Reclassification of pension and postretirement costs				
to net income, net of taxes	740	-	2,219	-
Foreign currency translation adjustments,				
net of taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
Comprehensive income	<u>\$61,619</u>	<u>\$50,773</u>	<u>\$155,204</u>	<u>\$128,501</u>

The income tax effect related to the reclassification of pension and postretirement costs to net income was an expense of \$453 and \$1,359 for the thirteen and thirty-nine weeks ended November 4, 2007, respectively. The income tax effect related to foreign currency translation adjustments was an expense of \$19 for the thirty-nine weeks ended October 29, 2006.

8. STOCK-BASED COMPENSATION

The Company's 2006 Stock Incentive Plan (the "2006 Plan") was approved at the Company's Annual Meeting of Stockholders held in June 2006. The 2006 Plan replaced the Company's existing 1997, 2000 and 2003 Stock Option Plans. The 1997, 2000 and 2003 Stock Option Plans terminated on the date of such approval, other than with respect to outstanding options under those plans, which will continue to be governed by the respective plan under which they were granted. Shares issued as a result of stock option exercises are primarily funded with the issuance of new shares of the Company's common stock.

2006 Stock Incentive Plan

The Company may grant the following types of incentive awards under the 2006 Plan: (i) non-qualified stock options ("NQs"); (ii) incentive stock options ("ISOs"); (iii) stock appreciation rights; (iv) restricted stock; (v) restricted stock units ("RSUs"); (vi) performance shares; and (vii) other stock-based awards. Each award granted under the 2006 Plan is evidenced by an award agreement that specifies, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, applicable performance period(s) and performance measure(s), and such other terms and conditions as the plan committee determines.

Through November 4, 2007, the Company has granted only service-based NQs and RSUs, as well as contingently issuable performance shares under the 2006 Plan. The per share exercise price of options granted under the 2006 Plan cannot be less than the closing price of the common stock on the date of grant (the business day prior to the date of grant for awards granted prior to September 21, 2006). The maximum term of options granted under the 2006 Plan is ten years. The award agreements for options and RSUs granted under the 2006 Plan generally provide for accelerated vesting upon the participant's retirement (as defined in the 2006 Plan).

1997, 2000 and 2003 Stock Option Plans

The Company currently has service-based NQs and ISOs outstanding under its 1997, 2000 and 2003 Stock Option Plans. Options were granted with an exercise price equal to the closing price of the common stock on the business day immediately preceding the date of grant. NQs and ISOs granted have a ten-year term. Options are generally cumulatively exercisable in either three equal installments commencing three years after the date of grant or in four equal installments commencing one year after the date of grant. The options provide for accelerated vesting upon the optionee's retirement (as defined in the 1997, 2000 and 2003 Stock Option Plans).

The Company estimates the fair value of stock options granted at the date of grant using the Black-Scholes model. The estimated fair value of the options, net of estimated forfeitures, is amortized to expense on a straight-line basis over the options' vesting period.

The following summarizes the assumptions used to estimate the fair value of stock options granted during the thirty-nine weeks ended November 4, 2007 and October 29, 2006, respectively:

	<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>
Weighted average risk-free interest rate	4.69%	4.73%
Weighted average expected option life	6.3 Years	6.2 Years
Weighted average expected volatility	33.3%	33.3%
Expected annual dividends per share	\$0.15	\$0.15
Weighted average estimated fair value per share of options granted	\$24.08	\$15.41

The Company receives a tax deduction for certain stock-based compensation transactions. For the thirty-nine weeks ended November 4, 2007 and October 29, 2006, such tax deductions related only to the exercise of certain stock options. The actual income tax benefit realized from stock option exercises for the thirty-nine weeks ended November 4, 2007 and October 29, 2006 was \$6,891 and \$6,265, respectively. Of those amounts, \$5,599 and \$3,119, respectively, were excess tax benefits from stock option exercises. Excess tax benefits arise when the actual tax benefit resulting from a stock option exercise exceeds the tax benefit associated with the grant date fair value of the related stock option. In accordance with FASB Statement No. 123R, "Share-Based Payment," the Company reported excess tax benefits as financing cash flows in its Consolidated Statements of Cash Flows.

Stock option activity for the thirty-nine weeks ended November 4, 2007 was as follows:

	<u>Options</u>	<u>Weighted Average Price Per Option</u>
Outstanding at February 4, 2007	3,791	\$25.15
Granted	229	58.71
Exercised	641	19.26
Cancelled	<u>17</u>	<u>27.53</u>
Outstanding at November 4, 2007	<u>3,362</u>	<u>\$28.54</u>
Exercisable at November 4, 2007	<u>1,716</u>	<u>\$21.06</u>

During the thirty-nine weeks ended November 4, 2007, the Company granted 159 RSUs at a weighted average fair value of \$56.09 per share. RSUs granted to employees vest in three installments commencing two years after the date of grant. RSUs granted to non-employee directors vest in four equal installments commencing one year after the date of grant. The RSU award agreements provide for accelerated vesting upon the award recipient's retirement (as defined in the 2006 Plan). The fair value of the RSUs is equal to the closing price of the Company's common stock on the date of grant. The fair value of the RSUs, net of estimated forfeitures, is amortized to expense on a straight-line basis over the RSUs' vesting period.

During the first quarter of 2007, the Company granted contingently issuable performance share awards to certain individuals. Certain of the Company's executive officers received contingently issuable performance share awards subject to a performance period of two years. Additionally, all of the Company's executive officers received contingently issuable performance share awards subject to a performance period of three years. The final number of shares that will be earned, if any, is contingent upon the Company's achievement of goals for each of the performance periods based on both earnings per share growth and improvement in return on equity during the applicable performance cycle. Depending on the level of objectives achieved, up to a total number of 13 shares will be issued for the two-year performance period and up to 69 shares for the three-year performance period. The fair value of the contingently issuable performance shares is equal to the closing price of the Company's common stock on the date of grant, reduced for the present value of any dividends expected to be paid on the Company's common stock during the performance cycle, as the contingently issuable performance shares do not accrue dividends prior to being earned. The Company records expense for the contingently issuable performance shares ratably based on such fair value and the Company's current expectations of the probable number of shares that will ultimately be issued.

9. ASSET IMPAIRMENTS

The level of profitability in certain of the Company's retail stores was an impairment indicator, which caused the Company to evaluate whether the net book value of the long-lived assets in such stores was recoverable. Based on these evaluations, the Company determined that the long-lived assets in certain of these stores were not recoverable and recorded impairments of \$1,331 through the third quarter of 2007 (of which \$1,279 was recorded in the first quarter of 2007 and \$52 was recorded in the third quarter of 2007) and \$2,314 through the third quarter of 2006 (of which \$1,918 was recorded in the second quarter of 2006 and \$396 was recorded in the third quarter of 2006). These determinations were made by comparing each store's expected undiscounted future cash flows to the carrying amount of the long-lived assets. Since the long-lived assets in certain stores were deemed not recoverable, the net book value of the long-lived assets in excess of the fair value was written off. Fair value was estimated based on the net present value of the future cash flows expected from these stores. The impairment charges were included in selling, general and administrative expenses, principally in the Retail Apparel and Related Products segment.

During 2006, the Company closed its manufacturing facility located in Ozark, Alabama, which resulted in the Company recording a long-lived asset impairment of \$988 in the first nine months of 2006 (of which \$549 was recorded in the first quarter of 2006 and \$439 was recorded in the second quarter of 2006). The impairment charge was included in selling, general and administrative expenses of the Wholesale Dress Furnishings segment.

During 2005, Federated Department Stores, Inc. (now known as Macy's Inc. ("Macy's")) acquired The May Department Stores Company. Macy's closed certain of the combined company's stores subsequent to the acquisition. Since the Company had identifiable long-lived assets consisting of shops within stores (fixtures located in third party customer locations) in certain of the stores that were closed, this was an impairment indicator, which caused the Company to evaluate whether the net book value of these long-lived assets was recoverable. The Company determined that the long-lived assets in these stores were not recoverable and recorded an impairment of \$116 in the second quarter of 2006. Since the long-lived assets related to closed stores, there were deemed to be no future cash flows associated with these assets. Therefore, a fair value of zero was determined to apply to the long-lived assets in these stores. As such, the impairment recorded was equal to the net book value of the long-lived assets in these stores. This amount was included in selling, general and administrative expenses of the Wholesale Sportswear and Related Products segment.

10. SALE OF INVESTMENTS

On January 31, 2006, Warnaco, Inc. ("Warnaco") acquired 100% of the shares of the companies that operate the licenses and related wholesale and retail businesses of *Calvin Klein* jeans and accessories in Europe and Asia and the *ck Calvin Klein* bridge line of sportswear and accessories in Europe. The Company's Calvin Klein, Inc. subsidiary is the licensor of the businesses sold and had minority interests in certain of the entities sold. The Company accounted for the investments in these entities under the cost method and, as such, the investments had a carrying amount of \$768 at the time of the sale. During the first half of 2006, the Company received \$32,811 in cash proceeds from the sale of these entities, net of an amount held in escrow and associated fees. The sale resulted in a pre-tax gain of \$32,043 in the first half of 2006, which is net of related fees, an amount held in escrow and the carrying value of the investments. The Company's share of the cash proceeds being held in escrow represents security for indemnification of certain potential losses incurred by Warnaco, as well as other adjustments to the purchase price. During the first quarter of 2007, \$3,335 was released to the Company from escrow. The Company recorded this release of escrow as an additional gain. The balance of the Company's share of the amount held in escrow as of November 4, 2007 totaled approximately \$1,700, which is subject to exchange rate fluctuation. The Company believes it will receive a distribution of its share of any amount remaining in escrow in 2008, and the Company will record the release of any such amount as an additional gain if and when such amount is released to the Company.

11. NET INCOME PER COMMON SHARE

The Company computed its basic and diluted net income per common share as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Net income	\$60,879	\$50,773	\$152,985	\$128,471
Less:				
Preferred stock dividends	-	-	-	3,230
Inducement payment and offering costs	-	-	-	10,948
Net income available to common stockholders for basic and diluted net income per common share	<u>\$60,879</u>	<u>\$50,773</u>	<u>\$152,985</u>	<u>\$114,293</u>
Weighted average common shares outstanding for basic net income per common share	56,475	55,430	56,248	50,921
Weighted average impact of dilutive securities	1,211	1,284	1,355	1,204
Weighted average impact of dilutive warrant	<u>147</u>	<u>99</u>	<u>157</u>	<u>83</u>
Total shares for diluted net income per common share	<u>57,833</u>	<u>56,813</u>	<u>57,760</u>	<u>52,208</u>
Basic net income per common share	<u>\$ 1.08</u>	<u>\$ 0.92</u>	<u>\$ 2.72</u>	<u>\$ 2.24</u>
Diluted net income per common share	<u>\$ 1.05</u>	<u>\$ 0.89</u>	<u>\$ 2.65</u>	<u>\$ 2.19</u>

In connection with the Company's acquisition of Calvin Klein in 2003, the Company issued \$250,000 of Series B convertible preferred stock. The Series B convertible preferred stock had a conversion price of \$14.00 per share and a dividend rate of 8% per annum, payable quarterly in cash. In certain quarters in 2003, the Company elected not to pay a cash dividend and the Series B convertible preferred stock was treated as if an in-kind dividend was paid. As such, by the end of 2003, the liquidation preference of the originally issued Series B convertible preferred stock increased to \$264,746. During the second quarter of 2005, the holders of the Series B convertible preferred stock converted an aggregate of \$102,820 of the Series B convertible preferred stock into 7,344 shares of the Company's common stock. During the second quarter of 2006, the holders of the Series B convertible preferred stock completed a voluntary conversion of all of the remaining outstanding shares of Series B convertible preferred stock into 11,566 shares of the Company's common stock and subsequently sold 10,057 of such shares in a registered common stock offering. In connection with the conversion in 2006, the Company made an inducement payment to the preferred stockholders of \$0.88 for each share of common stock received upon conversion, or an aggregate of \$10,178. The inducement payment was based on the net present value of the dividends that the Company would have been obligated to pay the preferred stockholders through the earliest date on which it was estimated that the Company would have had the right to convert the Series B convertible preferred stock, net of the net present value of the dividends payable over the same period on the shares of common stock into which the Series B convertible preferred stock was convertible. In addition, the Company incurred certain costs, totaling \$770, specifically related to the registered common stock offering.

As set forth in Emerging Issues Task Force Topic D-42, "The Effect on the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock," when convertible preferred stock is converted pursuant to an inducement offer, the excess of the fair value of consideration transferred in the transaction to the holders of the convertible preferred stock over the fair value of the securities issuable pursuant to the original conversion terms should be subtracted from net income to arrive at net income available to common stockholders in the calculation of net income per common share. As such, the inducement payment and offering costs paid by the Company in connection with the conversion and subsequent registered common stock offering resulted in a reduction of net income available to common stockholders for the thirty-nine weeks ended October 29, 2006.

Potentially dilutive securities excluded from the calculation of diluted net income per common share were as follows:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
Weighted average antidilutive securities	<u>298</u>	<u>11</u>	<u>242</u>	<u>174</u>

According to FASB Statement No. 128, "Earnings per Share," contingently issuable shares that have not met the necessary conditions as of the end of a reporting period should not be included in the calculation of diluted net income per common share for that period. The Company granted contingently issuable performance shares during the first quarter of 2007 that did not meet the performance conditions as of November 4, 2007 and, therefore, were excluded from the calculation of diluted net income per common share for the thirteen and thirty-nine weeks ended November 4, 2007. The maximum number of potentially dilutive shares that could be issued upon vesting is 82. These contingently issuable performance shares were also excluded from the computation of weighted average antidilutive securities.

In addition, conversion of the Series B convertible preferred stock that was converted into 4,321 weighted average common shares outstanding for the thirty-nine weeks ended October 29, 2006 was not assumed for the purpose of calculating dilutive securities outstanding because the resulting impact on the calculation of diluted net income per common share would have been antidilutive.

12. NONCASH INVESTING AND FINANCING TRANSACTIONS

Omitted from the Financing Activities section of the Consolidated Statement of Cash Flows for the thirty-nine weeks ended October 29, 2006 was a decrease in Series B convertible preferred stock of \$161,926, an increase in common stock of \$11,566 and an increase in additional capital of \$150,360 associated with the conversion of all of the remaining outstanding shares of the Series B convertible preferred stock.

13. SEGMENT DATA

The Company manages its operations through its operating divisions, which are aggregated into five reportable segments: (i) Wholesale Dress Furnishings; (ii) Wholesale Sportswear and Related Products; (iii) Retail Apparel and Related Products; (iv) Retail Footwear and Related Products; and (v) Calvin Klein Licensing.

Wholesale Dress Furnishings Segment - The Company aggregates the results of its wholesale dress shirt and neckwear divisions into the Wholesale Dress Furnishings Segment. The Company's wholesale dress shirt division derives revenue primarily from marketing dress shirts under the brand names *Van Heusen, IZOD, Eagle, Geoffrey Beene, ARROW, Kenneth Cole New York, Kenneth Cole Reaction, unlisted, A Kenneth Cole Production, Calvin Klein Collection, ck Calvin Klein, Calvin Klein, BCBG Max Azria, BCBG Attitude, CHAPS, Sean John, Donald J. Trump Signature Collection, JOE Joseph Abboud* and *MICHAEL Michael Kors*, to department, mid-tier department and specialty stores. The Company began marketing neckwear at wholesale in the fourth quarter of 2006 upon the acquisition of the assets of Superba. The Company's neckwear division derives revenue primarily from marketing neckwear under the brand names *ARROW, IZOD, Calvin Klein, DKNY, Tommy Hilfiger, Nautica, Perry Ellis Portfolio, Ike Behar* and *Jones New York*. The Company also markets neckwear and dress shirts under various private label brands.

Wholesale Sportswear and Related Products Segment - The Company aggregates the results of its wholesale sportswear divisions into the Wholesale Sportswear and Related Products segment. This segment derives revenue primarily from marketing men's sportswear under the brand names *Van Heusen, IZOD, Geoffrey Beene, ARROW* and *Calvin Klein* and women's sportswear under the brand name *IZOD* (beginning in the second quarter of 2007).

Retail Apparel and Related Products Segment - The Company aggregates the results of its *Van Heusen, Izod, Geoffrey Beene* and *Calvin Klein* retail divisions into the Retail Apparel and Related Products segment. This segment derives revenue principally from operating retail stores, principally in the outlet channel of distribution, which sell apparel and accessories under the brand names *Van Heusen, IZOD, Geoffrey Beene* and *Calvin Klein*. This segment also derives revenue from selling *Calvin Klein Collection* branded high-end collection apparel and accessories through the Company's own full price retail store located in New York City.

Retail Footwear and Related Products Segment - This segment represents the results of the Company's Bass retail division. This division derives revenue principally from operating retail stores, primarily in the outlet channel of distribution, which sell footwear, apparel, accessories and related products under the brand names *Bass* and *G.H. Bass & Co.*

Calvin Klein Licensing Segment - The Company aggregates the results of its Calvin Klein licensing and advertising divisions into the Calvin Klein Licensing segment. This segment derives revenue from licensing and similar

arrangements worldwide relating to the use by third parties of the brand names *Calvin Klein Collection*, *ck Calvin Klein* and *Calvin Klein* for a broad array of products and retail services.

The following table presents summarized information by segment:

	<u>Thirteen Weeks Ended</u>		<u>Thirty-Nine Weeks Ended</u>	
	<u>11/4/07</u>	<u>10/29/06</u>	<u>11/4/07</u>	<u>10/29/06</u>
<u>Revenue - Wholesale Dress Furnishings</u>				
Net sales	\$157,294	\$ 97,662	\$ 414,605	\$ 277,477
Royalty revenue	1,659	1,841	4,680	4,983
Advertising and other revenue	<u>826</u>	<u>613</u>	<u>2,182</u>	<u>1,423</u>
Total	159,779	100,116	421,467	283,883
<u>Revenue - Wholesale Sportswear and Related Products</u>				
Net sales	205,260	162,281	491,177	426,934
Royalty revenue	2,819	3,046	8,085	8,565
Advertising and other revenue	<u>924</u>	<u>1,026</u>	<u>2,880</u>	<u>3,554</u>
Total	209,003	166,353	502,142	439,053
<u>Revenue - Retail Apparel and Related Products</u>				
Net sales	175,849	163,305	503,739	452,105
Royalty revenue	<u>1,983</u>	<u>2,050</u>	<u>5,814</u>	<u>5,789</u>
Total	177,832	165,355	509,553	457,894
<u>Revenue - Retail Footwear and Related Products</u>				
Net sales	72,996	76,987	211,193	205,027
Royalty revenue	50	161	150	486
Advertising and other revenue	<u>236</u>	<u>-</u>	<u>847</u>	<u>-</u>
Total	73,282	77,148	212,190	205,513
<u>Revenue - Calvin Klein Licensing</u>				
Royalty revenue	56,340	44,939	140,711	110,561
Advertising and other revenue	<u>20,134</u>	<u>14,350</u>	<u>54,589</u>	<u>36,723</u>
Total	76,474	59,289	195,300	147,284
<u>Total Revenue</u>				
Net sales	611,399	500,235	1,620,714	1,361,543
Royalty revenue	62,851	52,037	159,440	130,384
Advertising and other revenue	<u>22,120</u>	<u>15,989</u>	<u>60,498</u>	<u>41,700</u>
Total	<u>\$696,370</u>	<u>\$568,261</u>	<u>\$1,840,652</u>	<u>\$1,533,627</u>
Operating income - Wholesale Dress Furnishings	\$ 30,089	\$ 16,532	\$ 66,356	\$ 31,648 ⁽¹⁾
Operating income - Wholesale Sportswear and Related Products	29,588	27,071	75,020	77,658
Operating income - Retail Apparel and Related Products	15,091	17,556	46,380	42,457
Operating income - Retail Footwear and Related Products	6,114	8,794	17,425	13,217
Operating income - Calvin Klein Licensing	35,714	27,690	95,501 ⁽²⁾	100,735 ⁽²⁾
Corporate expenses ⁽³⁾	<u>14,298</u>	<u>13,000</u>	<u>41,569</u>	<u>47,568</u>
Income before interest and taxes	<u>\$102,298</u>	<u>\$ 84,643</u>	<u>\$ 259,113</u>	<u>\$ 218,147</u>

- (1) Operating income for the Wholesale Dress Furnishings segment for the thirty-nine weeks ended October 29, 2006 includes \$11,294 of costs associated with closing the Company's manufacturing facility in Ozark, Alabama.
- (2) Operating income for the Calvin Klein Licensing segment for the thirty-nine weeks ended October 29, 2006 includes a gain of \$32,043 associated with the sale by a subsidiary of the Company of minority interests in certain entities that operate various *Calvin Klein* jeans and sportswear businesses in Europe and Asia. Operating income for the Calvin Klein Licensing Segment for the thirty-nine weeks ended November 4, 2007 includes a gain of \$3,335 associated with the release of cash held in escrow in connection with such sale.
- (3) Corporate expenses represent overhead operating expenses that the Company does not allocate to its segments and include expenses for senior corporate management, corporate finance and information technology related to corporate infrastructure. Additionally, beginning in 2006, the Company includes all stock-based compensation expenses in Corporate expenses. Corporate expenses for the thirty-nine weeks ended October 29, 2006 include \$10,535 of severance and related costs resulting from the departure of Mark Weber, the Company's former Chief Executive Officer.

14. OTHER COMMENTS

The Company has guaranteed the payment of certain purchases made by one of the Company's suppliers from a raw material vendor. The maximum amount guaranteed is \$500. The guarantee expires on January 31, 2008.

The Company has guaranteed to a former landlord the payment of rent and related costs by the tenant currently occupying space previously leased by the Company. The maximum amount guaranteed as of November 4, 2007 is approximately \$4,900, which is subject to exchange rate fluctuation. The Company has the right to seek recourse of approximately \$3,100 as of November 4, 2007, which is subject to exchange rate fluctuation. The guarantee expires on May 19, 2016.

15. SUBSEQUENT EVENTS

On November 30, 2007, the Company's Board of Directors authorized the Company to repurchase up to \$200,000 of its outstanding common stock. At the closing stock price on November 30, 2007, the total outstanding authorization of \$200,000 represented approximately 8% of the Company's market capitalization. The Company's authorization is effective through the end of 2008. The Company plans to use existing cash on hand to fund all purchases, and all of the shares repurchased under the authorization will be placed into treasury. The Board's authorization permits the Company to effect the purchases through open market purchases, privately negotiated transactions, including accelerated and guaranteed share repurchase agreements, and other means. The specific timing and amount of repurchases will vary based on market conditions and other factors. The repurchase program may be modified, extended or terminated by the Board at any time.

On December 10, 2007, the Company reached an agreement in principle to acquire from Warnaco the shares of Confezioni Moda Italia S.r.l. ("CMI"), the licensee of the Company's *Calvin Klein Collection* business. Warnaco is currently obligated to acquire the shares of CMI in January 2008 and to operate the *Calvin Klein Collection* business through 2013. Additionally, the Company granted Warnaco certain new licenses and expanded certain existing license rights. In return, Warnaco would make a payment of \$38,500 to the Company. The Company would operate the *Calvin Klein Collection* business through 2012 and the amount paid to the Company would be subject to certain refund provisions if the Company were to cease operating the *Calvin Klein Collection* business prior to 2012. As such, the Company would amortize to income the amount received as earned based on the provisions of the agreement. It is expected that the recognition of such amounts would effectively offset projected losses for the *Calvin Klein Collection* business. Therefore, the transaction, which is targeted to close in mid-January 2008, would not be expected to have a material financial impact on the Company. The Company would also pay Warnaco an amount based on the net working capital of CMI as of the closing date.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

References to the brand names *Calvin Klein Collection*, *ck Calvin Klein*, *Calvin Klein*, *Van Heusen*, *IZOD*, *Eagle*, *Bass*, *Geoffrey Beene*, *ARROW*, *BCBG Max Azria*, *BCBG Attitude*, *CHAPS*, *Sean John*, *Donald J. Trump Signature Collection*, *JOE Joseph Abboud*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *unlisted*, *A Kenneth Cole Production*, *MICHAEL Michael Kors*, *DKNY*, *Tommy Hilfiger*, *Nautica*, *Perry Ellis Portfolio*, *Ike Behar*, *Jones New York*, *Timberland* and to other brand names are to registered trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand name.

References to our acquisition of Superba refer to our January 2007 acquisition of substantially all of the assets of Superba, Inc., a privately-held manufacturer and distributor of neckwear in the United States and Canada, which we refer to as "Superba."

References to our acquisition of Arrow refer to our December 2004 acquisition of Cluett Peabody Resources Corporation and Cluett Peabody & Co., Inc., which companies we refer to collectively as "Arrow."

References to our acquisition of Calvin Klein refer to our February 2003 acquisition of Calvin Klein, Inc. and certain affiliated companies, which companies we refer to collectively as "Calvin Klein."

OVERVIEW

The following discussion and analysis is intended to help you understand us, our operations and our financial performance. It should be read in conjunction with our consolidated financial statements and the accompanying notes, which are included elsewhere in this report.

We are one of the largest apparel companies in the world, with a heritage dating back over 125 years. Our brand portfolio consists of nationally recognized brand names, including *Calvin Klein*, *Van Heusen*, *IZOD*, *ARROW*, *Bass* and *Eagle*, which are owned, and *Geoffrey Beene*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *unlisted*, *A Kenneth Cole Production*, *BCBG Max Azria*, *BCBG Attitude*, *Sean John*, *CHAPS*, *Donald J. Trump Signature Collection*, *MICHAEL Michael Kors* and *JOE Joseph Abboud*, which are licensed. In the fourth quarter of 2006, we acquired Superba, which enabled us to add the *DKNY*, *Tommy Hilfiger*, *Nautica*, *Perry Ellis Portfolio*, *Ike Behar*, *Jones New York* and other brand names, as well as various private label names, to our portfolio of licensed brands.

Our historical strategy has been to manage and market a portfolio of nationally recognized brands across multiple product categories, through multiple channels of distribution and at multiple price points. This strategy was enhanced by our acquisition of Calvin Klein in 2003, which provided us with one of the most famous designer names in the world and an additional platform for growth in revenue and profitability. Through that transaction, and to a lesser extent, our acquisition of Arrow in 2004, we were able to diversify our business model by providing growth opportunities from strong and highly profitable licensing streams, which do not require capital investments. Our acquisition in January 2007 of Superba's established neckwear business complements our heritage business in dress shirts, which presents us with opportunities to grow and enhance the performance of both businesses by providing us with the ability to produce all the neckwear for our own ed brands over time and to leverage the design, merchandising and selling capabilities of both businesses to offer our customers a cohesive and comprehensive portfolio of branded dress shirts and neckwear.

We are currently implementing certain initiatives that are intended to build upon our business strategy, each of which we believe provides us with the opportunity to fill product and brand portfolio needs. The first initiative is our assumption of the wholesale *IZOD* women's sportswear collection, which was previously a licensed business. Such license agreement was terminated and, during the second quarter of 2007, we assumed responsibility for the development and sale of the line. Our second initiative is a licensing arrangement with The Timberland Company to design, source and market men's and women's casual sportswear under the *Timberland* brand in North America. We will assume the management of the men's apparel line, which is currently produced by The Timberland Company, for the Fall 2008 season and plan to launch a women's line for the Spring 2010 season. In connection with these launches, we have begun to incur costs related to the sourcing and development of the lines. *Timberland* is an authentic outdoor traditional brand targeted to the department and specialty store channels of distribution that we believe has a unique positioning that will complement our existing portfolio of sportswear brands and enable us to reach a broader spectrum of consumers. In addition to these initiatives, we have begun to open *Calvin Klein* specialty

retail stores in premier malls in the U.S., which are intended to serve as a platform for showcasing the totality of the *Calvin Klein* white label “better” product. We expect to open five of these stores by the end of 2007.

OPERATIONS OVERVIEW

We generate net sales from: (i) the wholesale distribution of men’s dress shirts, men’s sportswear, neckwear (beginning in the fourth quarter of 2006) and women’s sportswear (beginning in the second quarter of 2007); and (ii) the sale, through approximately 750 company-operated retail stores, of apparel, footwear and accessories under the brand names *Van Heusen*, *IZOD*, *Geoffrey Beene*, *Bass* and *Calvin Klein*. Our stores principally operate in an outlet format. We also operate a full price collection store located in New York City under the *Calvin Klein Collection* brand, in which we principally sell men’s and women’s high-end collection apparel and accessories, soft home furnishings and tableware, and, in the third quarter of 2007, we opened our first *Calvin Klein* specialty retail store.

We generate royalty, advertising and other revenue from fees for licensing the use of our trademarks. Calvin Klein royalty, advertising and other revenue, which comprised 89% of total royalty, advertising and other revenue in the first nine months of 2007, is derived under licenses and other arrangements for a broad array of products, including jeans, underwear, fragrances, eyewear, watches and home furnishings.

In the first nine months of 2007, net sales were 88% and royalty, advertising and other revenue was 12% of our total revenue.

Gross profit on total revenue is total revenue less cost of goods sold. We include as cost of goods sold, costs associated with the production and procurement of product, including inbound freight costs, purchasing and receiving costs, inspection costs, internal transfer costs and other product procurement related charges. Since there is no cost of goods sold associated with royalty, advertising and other revenue, 100% of such revenue is included in gross profit. Due to the above factors, our gross profit may not be comparable to that of other entities.

Selling, general and administrative expenses include all other expenses, excluding interest and income taxes. Salaries and related fringe benefits is the largest component of selling, general and administrative expenses, comprising 48% of such expenses in the first nine months of 2007. Rent and occupancy for offices, warehouses and retail stores is the next largest expense, comprising 21% of selling, general and administrative expenses in the first nine months of 2007.

RESULTS OF OPERATIONS

Thirteen Weeks Ended November 4, 2007 Compared With Thirteen Weeks Ended October 29, 2006

Net Sales

Net sales in the third quarter of 2007 increased 22.2% to \$611.4 million from \$500.2 million in the prior year. This increase included the following: (i) \$102.6 million of net sales attributable to growth in our wholesale segments; and (ii) \$8.6 million of net sales attributable to growth in our retail segments. Approximately \$30.0 million of the growth in our wholesale segments was due to the retail calendar shift caused by the extra week (53rd week) in 2006, which results in the thirteen calendar weeks in each fiscal quarter of 2007 being compared to a different thirteen calendar week period in 2006. The remaining increase of \$72.6 million in our wholesale segments was due to the addition of sales from our recently-acquired neckwear business combined with growth in our wholesale dress shirt business, growth in our Calvin Klein sportswear business and the addition of sales associated with our assumption of the *IZOD* women’s sportswear business in the second quarter of 2007. The growth in our retail segments was primarily driven by comparable store sales growth of approximately 1% in our outlet retail business and the opening of *Calvin Klein* and other outlet retail stores.

Royalty, Advertising and Other Revenue

Royalty, advertising and other revenue in the third quarter of 2007 increased 24.9% to \$85.0 million from \$68.0 million in the prior year. This increase was primarily attributable to our Calvin Klein Licensing segment due, in part, to continued strength in fragrances. The *Calvin Klein MAN* fragrance line was successfully launched in the third quarter of 2007, and the strong sales continued for the men’s and women’s *CKIN2U* and *euphoria* fragrance lines. In addition, jeans and underwear sales grew significantly, both internationally and domestically which, combined with

the success of licensed product categories introduced over the past four years, further contributed to the revenue increase.

Gross Profit on Total Revenue

Gross profit on total revenue in the third quarter of 2007 was \$328.6 million, or 47.2% of total revenue, compared with \$280.4 million, or 49.3% of total revenue in the prior year. The 210 basis point decrease was due principally to a change in sales mix, as net sales attributable to our wholesale businesses, which typically have lower gross margins than our retail businesses, increased as a percentage of our total net sales, due to faster sales growth in our wholesale businesses. Also contributing to the decrease was a decrease in gross margin in our wholesale sportswear and retail businesses, resulting principally from increased promotional selling to move Fall product and maintain clean inventory levels during the unseasonably warm weather that was experienced in much of the United States during September and October of 2007.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses in the third quarter of 2007 were \$226.3 million, or 32.5% of total revenue, and \$195.7 million, or 34.4% of total revenue, in the prior year. The 190 basis point decrease was due principally to the growth in our wholesale businesses mentioned above, as our wholesale businesses typically have lower expense rates than our retail businesses. The \$30.6 million increase in SG&A expenses in the third quarter of 2007 included: (i) an increase in advertising expenditures of \$15.1 million related principally to our *Calvin Klein* brand; (ii) expenses of approximately \$11.0 million related to our recently-acquired neckwear business; and (iii) start-up costs of \$3.5 million associated with our *Timberland* wholesale sportswear business and *Calvin Klein* specialty retail stores.

Interest Expense, Net

The majority of our interest expense relates to our fixed rate long-term debt. As a result, variances in our net interest expense tend to be driven by changes in interest income and, to a lesser extent, costs related to our revolving credit facility.

Net interest expense in the third quarter of 2007 was \$4.1 million, which was relatively flat to the prior year amount of \$3.9 million.

Income Taxes

In the first quarter of 2007, we adopted the provisions of Financial Accounting Standards Board Interpretation No. 48 ("FIN 48"). Under FIN 48, volatility in our tax rate may occur, either from quarter to quarter, or from year to year, due to events or new information that causes us to re-evaluate our unrecognized tax benefits.

Income taxes for the third quarter of 2007 were provided for at a rate of 38.0% compared with last year's full year rate of 37.5%.

Thirty-Nine Weeks Ended November 4, 2007 Compared With Thirty-Nine Weeks Ended October 29, 2006

Net Sales

Net sales in the first nine months of 2007 increased 19.0% to \$1,620.7 million from \$1,361.5 million in the prior year. This increase included the following: (i) \$201.4 million of net sales attributable to growth in our wholesale segments; and (ii) \$57.8 million of net sales attributable to growth in our retail segments. Approximately \$60.0 million of the growth in our wholesale segments was due to the calendar shift caused by the 53rd week in 2006, which results in the thirty-nine calendar weeks in 2007 being compared to a different thirty-nine week period in 2006. The remaining increase of \$141.4 million in our wholesale segments was due to the addition of sales from our recently-acquired neckwear business combined with growth in our wholesale dress shirt business, growth in our Calvin Klein sportswear business and the addition of sales associated with our assumption of the *IZOD* women's sportswear business in the second quarter of 2007. The growth in our retail segments was primarily driven by comparable store sales growth of approximately 4% in our outlet retail business and the opening of *Calvin Klein* and other outlet retail stores.

Net sales in the fourth quarter of 2007 will be negatively impacted by the calendar shift caused by the 53rd week in 2006. The positive impact of \$60.0 million on revenue for the first nine months of 2007 as a result of the calendar

shift will be more than offset by a negative impact of \$70.0 million in the fourth quarter as a result of the calendar shift and the additional week in the fourth quarter of 2006. This results in a negative impact of approximately \$10.0 million for the full year. Net sales for the full year 2007 are expected to increase approximately 16%.

Royalty, Advertising and Other Revenue

Royalty, advertising and other revenue in the first nine months of 2007 increased 27.8% to \$219.9 million from \$172.1 million in the prior year. This increase was primarily attributable to our Calvin Klein Licensing segment due, in part, to the continued success of the fragrance business, which experienced the successful launches of the new men's and women's *CKIN2U* fragrance lines and the new *Calvin Klein MAN* fragrance line, as well as continued strength in sales of both the men's and women's *euphoria* fragrance lines. In addition, jeans and underwear sales grew significantly, both internationally and domestically which, combined with the success of licensed product categories introduced over the past four years, further contributed to the revenue increase.

Royalty, advertising and other revenue is expected to increase approximately 22% in total for the full year 2007 due principally to our Calvin Klein Licensing segment for the reasons noted above. Royalty, advertising and other revenue comparisons for the fourth quarter are expected to be negatively affected by our non-Calvin Klein segments as a result of the loss of royalties associated with *ARROW* neckwear, which had been licensed to Superba, and the loss of royalties associated with *IZOD* neckwear and *IZOD* women's sportswear, which had been licensed to third parties, but are now being produced by us as a result of the termination or expiration of those licenses.

Gross Profit on Total Revenue

Gross profit on total revenue in the first nine months of 2007 was \$898.6 million, or 48.8% of total revenue, compared with \$750.3 million, or 48.9% of total revenue in the prior year. Gross margin improvements due to strong product sell-throughs in our wholesale dress shirt business throughout the year and in our outlet retail business during the first half of the year, which yielded more full-price selling, were more than offset by gross margin decreases due to: (i) a change in sales mix, as net sales attributable to our wholesale businesses, which typically have lower gross margins than our retail businesses, increased as a percentage of our total net sales, due to faster sales growth in our wholesale businesses; and (ii) increased promotional selling in our wholesale sportswear business, which has been negatively affected by the overall weak retail environment throughout the year and the unseasonably warm weather that was experienced in much of the United States during September and October of 2007.

We currently expect that the gross profit on total revenue percentage will decrease approximately 60 to 70 basis points for the full year 2007. We anticipate that during the remainder of 2007, our gross profit percentage will continue to decrease compared to the prior year as revenue grows faster in our wholesale businesses, which typically carry a lower gross margin percentage than our retail businesses. The faster revenue growth in our wholesale businesses is due, in part, to the addition of sales associated with our new neckwear and *IZOD* women's sportswear businesses. In addition, the current difficult retail environment is expected to put pressure on the gross margin rate in the fourth quarter, particularly in our retail and wholesale sportswear businesses, where we will continue to take necessary promotional markdowns to maintain clean inventory levels.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses in the first nine months of 2007 were \$642.9 million, or 34.9% of total revenue, and \$564.1 million, or 36.8% of total revenue, in the prior year. The 190 basis point decrease was due principally to the growth in our wholesale businesses mentioned above, as our wholesale businesses typically have lower expense rates than our retail businesses. The \$78.7 million increase in SG&A expenses in the first nine months of 2007 included: (i) expenses of approximately \$31.0 million related to our recently-acquired neckwear business; (ii) an increase in advertising expenditures of \$29.2 million, principally related to our *Calvin Klein* brand; (iii) increased expenses of \$24.9 million in our Wholesale Sportswear and Related Products segment and our retail segments principally to support the sales growth previously mentioned; and (iv) start-up costs of approximately \$7.0 million associated with our *Timberland* wholesale sportswear businesses and *Calvin Klein* specialty retail stores. Also impacting the change in SG&A expenses for the first nine months of 2007 compared to the prior year was the absence of costs incurred in the first nine months of 2006 of: (i) \$11.3 million associated with the closing of our manufacturing facility in Ozark, Alabama in the second quarter of 2006; and (ii) \$10.5 million in severance and other separation costs associated with the departure in the first quarter of 2006 of Mark Weber, our former Chief Executive Officer.

Our full year 2007 SG&A expenses are currently expected to decrease as a percentage of total revenue by approximately 200 basis points compared with the full year 2006 percentage, which is in line with the decrease in the

first nine months of the year. This decrease includes a decrease of 100 basis points attributable to the absence in 2007 of the 2006 facility closing costs and departure costs described above.

Gain on Sale of Investments

We sold, in the first quarter of 2006, minority interests held by one of our subsidiaries in certain entities that operate the licenses and related wholesale and retail businesses of *Calvin Klein* jeans and accessories in Europe and Asia and the *ck Calvin Klein* bridge line of sportswear and accessories in Europe. The sale resulted in a pre-tax gain of \$32.0 million in the first half of 2006, which was net of related fees, an amount held in escrow and the carrying value of the investments. Our share of the proceeds being held in escrow represents security for indemnification of certain potential losses incurred by the purchaser, as well as other adjustments to the purchase price. During the first quarter of 2007, \$3.3 million was released to us from escrow. We recorded this release of escrow as an additional gain. The balance of our share of the amount held in escrow as of November 4, 2007 totaled approximately \$1.7 million, which is subject to exchange rate fluctuation. We believe we will receive a distribution of our share of any amount remaining in escrow in 2008, and we will record the release of any such amount as an additional gain if and when such amount is released to us.

Interest Expense, Net

The majority of our interest expense relates to our fixed rate long-term debt. As a result, variances in our net interest expense tend to be driven by changes in interest income and, to a lesser extent, costs related to our revolving credit facility.

Net interest expense in the first nine months of 2007 was \$12.5 million compared with \$13.9 million in the prior year. The net interest expense decrease was due principally to an increase in interest income from an increase in average investment rates of return over the prior year.

Income Taxes

We adopted the provisions of FIN 48 in the first quarter of 2007. Under FIN 48, additional volatility in our tax rate may occur in the future, either from quarter to quarter, or from year to year, due to events or new information that causes us to re-evaluate our unrecognized tax benefits.

Income taxes for the first nine months of 2007 were provided for at a rate of 38.0% compared with last year's full year rate of 37.5%. We currently estimate our full year rate for 2007 to be in a range of 37.5% to 37.8%. It is possible that our estimated full year rate could change from discrete events arising from specific transactions, audits by tax authorities or the receipt of new information.

LIQUIDITY AND CAPITAL RESOURCES

Generally, our principal source of cash is from operations, and our principal uses of cash are for capital expenditures, contingent purchase price payments and dividends.

Operations

Cash provided by operating activities was \$43.2 million in the first nine months of 2007, which compares with \$112.4 million in the first nine months of the prior year. This decrease was due principally to changes in working capital, including: (i) an increase in accounts receivable related principally to the revenue growth mentioned previously, including from our new *IZOD* women's sportswear business, combined with the calendar shift caused by the 53rd week in 2006, which resulted in a higher sales volume near the end of the third quarter of 2007 when compared to the prior year; and (ii) an increase in inventories primarily related to an anticipated sales increase in the fourth quarter of 2007 as compared to the prior year's fourth quarter, combined with the calendar shift, which caused merchandise receipts in our retail businesses to occur at the end of the third quarter this year, rather than the first week of the fourth quarter as occurred last year. Partially offsetting these cash decreases were: (i) an increase in net income; and (ii) an increase in accounts payable related principally to the timing of inventory payments in our sportswear and retail businesses.

For the full year 2007, we expect that our cash provided by operating activities will exceed net income, due principally to depreciation and amortization and noncash stock-based compensation expense. This is expected to be offset, in part, by increases in working capital to support our growth.

Capital Expenditures

Our capital expenditures in the first nine months of 2007 were \$61.0 million. We currently expect that capital expenditures for the full year 2007 will increase to a range of \$100.0 million to \$110.0 million from the prior year amount of \$46.2 million. The planned increase in capital expenditures for 2007 is due principally to: (i) additional office space, warehouse and distribution facility expansion and information technology spending, both domestically and internationally, to allow our infrastructure to support the sales growth and new businesses mentioned previously; and (ii) the build out of *Calvin Klein* specialty retail stores.

Contingent Purchase Price Payments

In connection with our acquisition of Calvin Klein, we are obligated to pay Mr. Calvin Klein contingent purchase price payments through 2017 based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands. Such contingent purchase price payments are recorded as additions to goodwill and totaled \$25.0 million in the first nine months of 2007. We currently expect that such payments will be \$34.0 million to \$36.0 million for the full year 2007.

In connection with our acquisition of Superba in January 2007, we are obligated to pay Superba contingent purchase price payments if the earnings of the acquired business exceed certain targets in 2007, 2008 and 2009. The maximum payout that Superba can receive is \$15.0 million, \$25.0 million and \$30.0 million with respect to earnings in 2007, 2008 and 2009, respectively. Any such contingent purchase price payments would be payable 90 days after fiscal year end.

Sale of Investments

We sold, in the first quarter of 2006, minority interests held by one of our subsidiaries in certain entities that operate the licenses and related wholesale and retail businesses of *Calvin Klein* jeans and accessories in Europe and Asia and the *ck Calvin Klein* bridge line of sportswear and accessories in Europe. We received \$32.8 million in cash proceeds from the sale of these entities in the first half of 2006 and \$3.3 million in cash proceeds in the first quarter of 2007 in connection with the release of a portion of the amount held in escrow in connection with the sale.

Dividends

Our common stock, which as of November 4, 2007 is the only class of stock issued, currently pays annual dividends totaling \$0.15 per share.

Cash dividends on our common stock totaled \$8.5 million for the full year 2007.

In connection with our acquisition of Calvin Klein, we issued \$250 million of Series B convertible preferred stock. During the second quarter of 2006, the holders of our Series B convertible preferred stock voluntarily converted all of the remaining outstanding shares of Series B convertible preferred stock into 11.6 million shares of our common stock. The holders subsequently sold a majority of such shares in a registered common stock offering. We made an inducement payment to the preferred stockholders of \$0.88 for each share of common stock received upon conversion, or an aggregate of \$10.2 million in connection with the conversion, and incurred certain costs, totaling \$0.7 million, specifically related to the registered common stock offering. The inducement payment was based on the net present value of the dividends that we would have been obligated to pay the preferred stockholders through the earliest date on which it was estimated that we would have had the right to convert the Series B convertible preferred stock, net of the net present value of the dividends payable over the same period on the shares of common stock into which the Series B convertible preferred stock was convertible. The aggregate \$10.9 million inducement payment and offering costs was treated similar to a preferred stock dividend under accounting principles generally accepted in the United States.

Share Repurchase Program

On November 30, 2007, our Board of Directors authorized us to repurchase up to \$200 million of our outstanding common stock. At the closing stock price on November 30, 2007, the total outstanding authorization of \$200 million represented approximately 8% of our market capitalization. Our authorization is effective through the end of 2008. We plan to use existing cash on hand to fund all purchases, and all of the shares repurchased under the authorization will be placed into treasury. The Board's authorization permits us to effect the purchases through open market

purchases, privately negotiated transactions, including accelerated and guaranteed share repurchase agreements, and other means. The specific timing and amount of repurchases will vary based on market conditions and other factors. The repurchase program may be modified, extended or terminated by the Board at any time.

Cash Flow Summary

Our net cash outflow in the first nine months of 2007 was \$29.5 million. Cash flow for the full year 2007 will be impacted by various other factors in addition to those discussed above in this “Liquidity and Capital Resources” section. For example, the exercise of stock options provided \$17.6 million of cash for the full year in 2006. We currently estimate that the cash generated from the exercise of stock options for the full year 2007 will be slightly less than the amount in 2006.

Based on our current operations, and considering all of the above factors, we currently expect to generate \$90.0 million to \$95.0 million of cash flow for the full year 2007. This cash flow estimate excludes any effect of the previously mentioned share repurchase program.

Financing Arrangements

Our capital structure as of November 4, 2007 was as follows:

(in millions)

Long-term debt	\$ 399.5
Stockholders' equity	\$1,110.5

We believe our capital structure provides a secure base to support our current operations and our planned growth in the future. There are no maturities of our long-term debt until 2011.

For near-term liquidity, in addition to our cash balance, we have a \$325.0 million secured revolving credit facility that provides for revolving credit borrowings, as well as the issuance of letters of credit. We may, at our option, borrow and repay amounts up to a maximum of \$325.0 million for revolving credit borrowings and the issuance of letters of credit, which may be increased by us by up to \$100.0 million, with a sublimit of \$50.0 million for standby letters of credit and with no sublimit on trade letters of credit. Based on our working capital projections, we believe that our borrowing capacity under this facility provides us with adequate liquidity for our peak seasonal needs for the foreseeable future. During the first nine months of 2007, we had no revolving credit borrowings under the facility, and the maximum amount of letters of credit outstanding was \$142.4 million. As of November 4, 2007, we had \$102.9 million outstanding letters of credit under this facility. We currently do not expect to have any revolving credit borrowings under the facility during the remainder of 2007.

Given our capital structure and our projections for future profitability and cash flow, we believe we could obtain additional financing, if necessary, for refinancing our long-term debt, or, if opportunities present themselves, future acquisitions. Although we believe we could obtain such financing, due to the current state of credit markets, there can be no assurance that such financing could be obtained on terms as favorable to us as our current financings or otherwise on terms satisfactory to us. Furthermore, as credit markets are constantly changing, there can be no assurance that such financing, if needed, could be obtained at such time as a need arises or that it would be available to us on terms satisfactory to us.

SEASONALITY

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales and income in the first and third quarters, as the selling of Spring and Fall merchandise to our customers occurs at higher levels as these selling seasons begin. Our retail businesses tend to generate higher levels of sales and income in the third and fourth quarters, due to the back to school and holiday selling seasons. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday season.

Due to the above factors, our operating results for the thirteen and thirty-nine week periods ended November 4, 2007 are not necessarily indicative of those for a full fiscal year.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments held by us include cash equivalents and long-term debt. Interest rates on our long-term debt are fixed. Therefore, a change in rates generally would not have an effect on our gross interest expense. Note 7, "Long-Term Debt," in the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended February 4, 2007 outlines the principal amounts, interest rates, fair values and other terms required to evaluate the expected sensitivity of interest rate changes on the fair value of our fixed rate long-term debt. Cash equivalents held by us are affected by short-term interest rates. Therefore, a change in short-term interest rates would have an impact on our interest income. Given our balance of cash and cash equivalents as of November 4, 2007, the effect of a 50 basis point change in short-term interest rates on our interest income would be approximately \$1.7 million annually. < /P>

Principally all of our revenue and expenses are currently denominated in United States dollars. However, certain of our operations and license agreements expose us to fluctuations in foreign currency exchange rates, primarily the rate of exchange of the United States dollar against the Euro, the Yen and the Canadian dollar. Our principal exposure to changes in exchange rates for the United States dollar results from our licensing businesses. Many of our license agreements require the licensee to report sales to us in the licensee's local currency, but to pay us in United States dollars based on the exchange rate as of the last day of the contractual selling period. Thus, while we are not exposed to exchange rate gains and losses between the end of the selling period and the date we collect payment, we are exposed to exchange rate changes during and up to the last day of the selling period. During times of a strengthening United States dollar, our foreign royalty revenue will be negatively impacted, and during times of a weakening United States dollar, our foreign royalty revenue will be favorably impacted.

A secondary exposure to changes in exchange rates for the United States dollar results from our foreign wholesale operations. During 2006, we expanded our wholesale operations to include sales to department and specialty stores throughout Canada and parts of Europe. Sales for these foreign operations are both generated and collected in foreign currency, which exposes us to foreign exchange gains and losses between the date of the sale and the date we collect payment. As with our licensing business, the results of these operations will be negatively impacted during times of a strengthening United States dollar and favorably impacted during times of a weakening United States dollar.

Not all foreign license agreements expose us to foreign exchange risk. Many of our foreign license agreements specify that contractual minimums be paid in United States dollars. Thus, for these foreign license agreements where the licensee's sales do not exceed contractual minimums, the licensee assumes the risk of changes in exchange rates and we do not.

Also somewhat mitigating our exposure to changes in the exchange rate for the Euro is our Calvin Klein administrative office in Milan, Italy. During times of a strengthening United States dollar against the Euro, our Milan expenses will be favorably impacted, and during times of a weakening United States dollar against the Euro, our Milan expenses will be negatively impacted.

ITEM 4 - CONTROLS AND PROCEDURES

As of November 4, 2007, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of November 4, 2007. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 6 - EXHIBITS

The following exhibits are included herein:

- 3.1 Certificate of Incorporation (incorporated by reference to Exhibit 5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1977).
- 3.2 Amendment to Certificate of Incorporation, filed June 27, 1984 (incorporated by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1985).
- 3.3 Certificate of Designation of Series A Cumulative Participating Preferred Stock, filed June 10, 1986 (incorporated by reference to Exhibit A of the document filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1986).
- 3.4 Amendment to Certificate of Incorporation, filed June 2, 1987 (incorporated by reference to Exhibit 3(c) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).
- 3.5 Amendment to Certificate of Incorporation, filed June 1, 1993 (incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).
- 3.6 Amendment to Certificate of Incorporation, filed June 20, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 28, 1996).
- 3.7 Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Phillips-Van Heusen Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 26, 2003).
- 3.8 Corrected Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Phillips-Van Heusen Corporation, dated as of April 17, 2003 (incorporated by reference to Exhibit 3.9 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2003).
- 3.9 Certificate of Amendment of Certificate of Incorporation, filed June 29, 2006 (incorporated by reference to Exhibit 3.9 to the Company's Quarterly Report on Form 10-Q for the period ended May 6, 2007).
- 3.10 Certificate Eliminating Reference to Series B Convertible Preferred Stock from Certificate of Incorporation of Phillips-Van Heusen Corporation, filed June 12, 2007 (incorporated by reference to Exhibit 3.10 to the Company's Quarterly Report on Form 10-Q for the period ended May 6, 2007).
- 3.11 Certificate Eliminating Reference To Series A Cumulative Participating Preferred Stock From Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on September 28, 2007).
- 3.12 By-Laws of Phillips-Van Heusen Corporation, as amended through September 27, 2007 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on September 28, 2007).
- +10.1 First Amendment to Amended and Restated Employment Agreement, dated as of September 25, 2007, between Emanuel Chirico and Phillips-Van Heusen Corporation.
- +10.2 Schedule of Non-Management Directors' Fees, effective June 19, 2007.
- +10.3 Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan (as amended and restated effective as of January 1, 2005).
- +10.4 Phillips-Van Heusen Corporation Supplemental Savings Plan (as amended and restated effective as of January 1, 2005).
- +15 Acknowledgement of Independent Registered Public Accounting Firm.

- +31.1 Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
- +31.2 Certification of Michael Shaffer, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
- +32.1 Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.
- +32.2 Certification of Michael Shaffer, Executive Vice President and Chief Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.

+ Filed herewith.

Exhibits 32.1 and 32.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PHILLIPS-VAN HEUSEN CORPORATION

Registrant

Dated: December 6, 2007

/s/ Bruce Goldstein

Bruce Goldstein

Senior Vice President and Controller

(Chief Accounting Officer)

Exhibit Index

Exhibit	Description
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FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

FIRST AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Amendment"), dated September 25, 2007, between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation ("PVH" and, together with its subsidiaries, the "Company"), and EMANUEL CHIRICO (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company has previously entered into an Amended and Restated Employment Agreement with the Executive dated as of March 3, 2005 (the "Existing Agreement");

WHEREAS, the Existing Agreement was entered into subsequent to the effective date of Section 409A of the Internal Revenue Code of 1986 relating to deferred compensation but prior to the adoption of the final regulations promulgated thereunder; and

WHEREAS, the parties desire to amend the Existing Agreement to bring the Existing Agreement into compliance with the final regulations promulgated under Section 409A of the Internal Revenue Code of 1986.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Existing Agreement.

2. Amendments.

(a) The last sentence of Section 3(b) of the Agreement, which provides as follows:

To the extent the payment of the Severance Amount commencing immediately following the Executive's date of termination would result in the imposition of the additional tax under Section 409A of the Code, the first installment of the Severance Amount (equal to the amount that would have been paid if the Severance Amount had been paid ratably during the six-month period following the date of termination) shall be paid on the first business day that is six months after the date of termination and all remaining installments for such 24-month period shall be paid as provided above.

is deleted in its entirety and the following substituted in lieu thereof:

If the Executive is a "specified employee," as determined under the Company's policy for determining specified employees on

the date on which he separates from service, all payments of the Severance Amount (other than payments that satisfy the short-term deferral rule, as defined in Treasury Regulation §1.409A-1(a)(4), or that are treated as separation pay under Treasury Regulation §1.409A-1(b)(9)(iii) or §1.409A-1(b)(9)(v)) shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service.

The first payment that can be made shall include the cumulative amount of any amounts that could not be paid during such six-month period. In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on all payments not paid to the Executive prior to the first business day after the sixth month anniversary of his separation from service that otherwise would have been paid during such six-month period had this delay provision not applied to the Executive and shall be paid with the first payment after such six-month period. Notwithstanding the foregoing, payments delayed pursuant to this six-month delay requirement shall commence earlier in the event of the Executive's death prior to the end of the six-month period. For purposes hereof, the Executive shall have a "separation from service" upon his death or other termination of employment for any reason.

(b) The last sentence of Section 3(f)(ii) of the Existing Agreement, which provides as follows:

To the extent the immediate payment of the amount determined under clause (C) would result in the imposition of the additional tax under Section 409A of the Code, such amount shall be paid in a lump sum on the business day that is six months after the date of termination.

is deleted in its entirety and the following substituted in lieu thereof:

Notwithstanding anything in this Section 3(f)(ii) to the contrary, if the Executive is a "specified employee," as determined under the Company's policy for determining specified employees on the date on which he separates from service, the lump sum amount described in clause (C) of the first sentence of this Section 3(f)(ii) shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service (unless such amount shall satisfy the short-term deferral rule, as defined in Treasury Regulation §1.409A-1(a)(4)). In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on

such amount during the six-month period and shall be paid at the same time at which the lump sum payment is made. Notwithstanding the foregoing, a payment delayed pursuant to the preceding two sentences shall commence earlier in the event of the Executive's death prior to the end of the six-month period.

(c) The following paragraph (F) is added at the end of Section 3(f)(iii):

Any Gross-Up Payment or reimbursement by the Company of expenses incurred by the Executive in connection with a tax audit or litigation relating to the Excise Tax, as provided for in this Section 3(f)(iii), shall be paid no later than the last day of the calendar year following the calendar year in which the Executive remitted the Excise Tax or, if no Excise Tax is paid, the end of the calendar year following the calendar year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation. Furthermore, if the Executive is a "specified employee," as determined under the Company's policy for determining specified employees, on the date on which he separates from service, any Gross-Up Payment or reimbursement by the Company as required by this Section 3(f)(iii) shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service (unless such amount shall satisfy the short-term deferral rule, as defined in Treasury Regulation §1.409A-1(a)(4)). In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on such amount during the six-month period and shall be paid at the same time at which such Gross-Up Payment or reimbursement is made. Notwithstanding the foregoing, a payment delayed pursuant to the preceding two sentences shall commence earlier in the event of the Executive's death prior to the end of the six-month period.

(d) The following sentence is added at the end of Section 7(i):

Any reimbursement made to the Executive by the Company pursuant to this Section 7(i) shall be made in accordance with the generally applicable expense reimbursement policies and procedures of the Company, as in effect from time to time and subject to the terms and conditions thereof.

3. Continued Effectiveness of the Existing Agreement. The Existing Agreement is, and shall continue to be, in full force and effect, except as otherwise provided in this Amendment and except that all references to the Existing Agreement set forth in the Existing Agreement and any other agreements to which the parties hereto are parties which have been executed prior to

the date hereof and referring to the Existing Agreement shall mean the Existing Agreement, as amended by this Amendment.

4. Miscellaneous

- (a) This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof relating to the conflict of laws.
- (b) This Amendment may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same amendment.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Mark D. Fischer
Name: Mark D. Fischer
Title: Senior Vice President

/s/ Emanuel Chirico
Emanuel Chirico

PHILLIPS-VAN HEUSEN CORPORATION

SCHEDULE OF NON-MANAGEMENT DIRECTORS' FEES

EFFECTIVE JUNE 19, 2007

BOARD

Annual retainer	\$40,000	
Meeting fee	\$2,000	If attended in person Plus expenses
	\$1,000	If telephonic or director participates by phone
Equity Award – Restricted Stock Units	2,000 shares	
Presiding director fee*	\$15,000	

* This fee, which is in addition to all the foregoing and any applicable amounts for Committee service, was approved on September 27, 2007 and is retroactive to June 19, 2007.

AUDIT COMMITTEE

Fee to chair	\$10,000	
Meeting fee	\$2,500	If attended in person Plus expenses
	\$1,250	If telephonic or director participates by phone

COMPENSATION COMMITTEE

Fee to chair	\$5,000	
Meeting fee	\$1,500	If attended in person Plus expenses
	\$750	If telephonic or director participates by phone

NOMINATING & GOVERNANCE COMMITTEE

Fee to chair	\$5,000	
Meeting fee	\$1,500	If attended in person Plus expenses
	\$750	If telephonic or director participates by phone

PHILLIPS-VAN HEUSEN CORPORATION
SUPPLEMENTAL DEFINED BENEFIT PLAN
(As Amended and Restated effective as of January 1, 2005)

WHEREAS,

1. Phillips-Van Heusen Corporation (the "Company") adopted, effective as of January 1, 1991, the Supplemental Defined Benefit Plan (the "Plan") embodied herein in order to provide deferred compensation to those management or highly compensated employees of the Company and its various Subsidiaries who are eligible to participate hereunder.

2. The Company believes that the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success.

3. The Company heretofore amended and restated the Plan effective as of November 1, 1998 in order to, among other things, modify the interest and mortality factors used to calculate payments to Plan Participants, and to provide additional distribution options to Plan Participants.

4. The Company again amended and restated the Plan effective June 1, 2003 to, among other things, provide that certain employees of Calvin Klein, Inc. would be eligible to participate.

5. The Company desires to amend and restate the Plan effective as of January 1, 2005 to incorporate amendments adopted since the Plan was last restated and to bring the terms of the Plan into compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and final regulations promulgated by the Internal Revenue Service thereunder.

6. Effective January 1, 2008, certain employees of PVH Superba/Insignia Neckwear, Inc. and PVH/Superba Retail Management Corp. shall be eligible to participate.

NOW, THEREFORE, the Company hereby amends and restates the Plan effective as of January 1, 2005 to read as follows:

ARTICLE I

Participation and Distribution Elections

1.01 Eligibility. Each Eligible Employee shall become a Participant in the Plan on the applicable date set forth in Section 1.02.

1.02 Participation; Entry Dates. An Eligible Employee shall become a Participant of the Plan as follows:

(a) New Hires. An individual who is an Eligible Employee on the date that he or she first has an Hour of Service with the Company or a Participating Subsidiary shall become a Participant on the date that he or she becomes a participant of the Qualified Plan.

(b) Other Employees. Each other Eligible Employee shall become a Participant on the January 1st coincident with or next following the later of the date on which he or she becomes an Eligible Employee or the date that he or she becomes a participant of the Qualified Plan; provided, however, that any Eligible Employee who was a Participant of the Plan on December 31, 2004 shall automatically be a Participant on January 1, 2005.

1.03 Distribution Elections. Subject to such conditions and requirements as the Committee may deem appropriate:

(a) an Eligible Employee referred to in Section 1.02(a) may file a Distribution Election with the Company within thirty (30) days following the date on which he or she first becomes a Participant; and

(b) an Eligible Employee referred to in Section 1.02(b) may file a Distribution Election with the Company no later than thirty (30) days following the date that he or she becomes a Participant of the Plan.

A Participant who fails to file a Distribution Election within such time period shall be deemed to have filed, on the last day on which a Distribution Election under Section 1.03(a) or (b) above could have been filed, a Distribution Election electing to have his or her Payment Date be his or her Termination Date.

1.04 Changes in Distribution Elections. A Participant may change his or her Distribution Election by filing a new Distribution Election, which shall supersede the Distribution Election then in effect; provided, however, that, except with respect to Grandfathered Amounts, any such new Distribution Election shall not be given any effect unless (i) such Distribution Election is filed with the Company at least twelve (12) months prior to the originally-scheduled Payment Date, and (ii) the first payment with respect to such new Distribution Election is deferred for a period of not less than five (5) years after the date payment would have been made had such new Distribution Election

not been filed. A new Distribution Election with respect to Grandfathered Amounts shall not be effective unless filed with the Company in the calendar year preceding the calendar year in which his or her Termination Date occurs.

ARTICLE II

Benefits

2.01 Termination On or After Normal Retirement.

(a) Amount. If a Participant's Termination Date shall be on or subsequent to his or her Normal Retirement Date, the following calculations shall be made:

(i) There shall first be determined the amount per annum which would be payable as a life annuity to such Participant under the provisions of the Qualified Plan commencing on the first day of the calendar month next succeeding the calendar month in which his or her Termination Date shall occur on the assumptions that (A) the provisions of the Qualified Plan designed to comply with the requirements of section 415 of the Code were not included therein, (B) the provisions of the Qualified Plan designed to comply with the requirements of section 401(a)(17) of the Code were not included therein, (C) the definition of Compensation contained in the Qualified Plan provided an add-back for contributions by such Participant to the Company's Supplemental Savings Plan and (D) if such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her death, that it had terminated other than by reason of his or her death.

(ii) There shall then be determined the amount per annum which is actually payable as a life annuity to such Participant under the Qualified Plan commencing on the first day of the calendar month next succeeding the calendar month in which his or her Termination Date shall occur; provided, however, that, if such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her death, such amount per annum shall be determined on the assumption that such employment had terminated other than by reason of his or her death.

(iii) There shall then be determined the amount equal to the excess, if any, of the amount per annum determined in accordance with the provisions of Section 2.01(a)(i) over the amount per annum determined in accordance with the provisions of Section 2.01(a)(ii).

(b) Termination Other Than Due to Death.

(i) In the event that the Termination Date of a Participant described in Section 2.01(a) occurs other than due to death, there shall be paid to such Participant (or, in the event of his or her death after such Termination Date but before payment occurs, to such Participant's surviving spouse, if any, and if there is no surviving spouse, to such Participant's estate), within sixty (60) days after a Participant's Payment Date the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.01(a)(iii); provided, however, that if such Participant shall have elected in his or her Distribution Election to defer his or her Payment Date to the January next following his or her Termination Date and if such Payment Date shall be more than sixty (60) days following his or her Termination Date, then the single sum amount payable to such Participant as computed in accordance with the provisions of this Section 2.01(b)(i) shall be increased by an amount equal to the product of (x) such single sum amount (y) the Plan Interest Rate in effect on such Participant's Termination Date and (z) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365).

(ii) Notwithstanding anything contained in Section 2.01(b)(i) to the contrary and subject to such conditions as the Committee may at any time and from time to time determine, if a Participant described in Section 2.01(b)(i) shall have so elected in his or her Distribution Election, then he or she shall receive the benefits due him or her under the Plan as calculated in accordance with the provisions of this Section 2.01(b)(ii) in five (5) annual installments commencing as of, and as soon as administratively possible following, the January 1 next following his or her Termination Date. The first such installment payable hereunder shall equal the product of (x) the sum of (A) the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.01(a)(iii), and (B) if such Payment Date shall be more than sixty (60) days following his or her Termination Date, the product of (1) such single sum amount and (2) the Plan Interest Rate in effect on such Participant's Termination Date and (3) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365) and (y) a fraction the numerator of which shall be one and the denominator of which shall be five (5). Each of the four (4) subsequent installments shall be payable as of, and within thirty (30) days following, the next succeeding January 1 and shall be in an amount equal to the product of (x) the sum of (A) the excess of the single sum amount which

would have been payable to such Participant as of the prior January 1 if he or she were entitled to receive a single sum payment in lieu of the remaining installment payments over the amount distributed to such Participant as of such January 1 and (B) the product of (1) such single sum amount and (2) the Plan Interest Rate in effect during the calendar year prior to the calendar year in which such installment payment is being paid and (y) a fraction the numerator of which shall be one and the denominator of which shall be the excess of five (5) over the number of such installments theretofore paid; provided, however, that the last installment shall be equal to the remaining amount due such Participant in accordance with the provisions of this Section 2.01(b)(ii). If a Participant shall die prior to his or her receipt of any or all of the installments due under this Section 2.01(b)(ii), and if his or her Beneficiary under the Qualified Plan shall be his spouse, then the remaining installments shall be paid at such time or times as they would be otherwise paid if such Participant had not died prior to receipt of all of such installments. If a Participant shall die prior to his or her receipt of any or all of the installments due under this Section 2.01(b)(ii), and if his or her Beneficiary under the Qualified Plan shall not be his spouse, then the remaining installments due shall be paid to such Participant's estate in a lump sum amount, without any interest or earnings thereon from and after the date of such Participant's death. Any amount due under this Section 2.01(b)(ii) shall be paid within thirty (30) days following the date as of which such amount shall be due, without any interest or earnings thereon from and after the date as of which such amount shall be due.

(c) Termination Due to Death.

(i) Except as provided in Section 2.01(c)(ii), in the event that the Termination Date of a Participant described in Section 2.01(a) occurs as a result of such Participant's death, there shall be paid to such Participant's surviving spouse, if any, and if there is no surviving spouse, to such Participant's estate, within sixty (60) days after a Participant's Termination Date the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.01(a)(iii) based on the Participant's age as of his or her date of death.

(ii) Notwithstanding anything in Section 2.01(c)(i) above to the contrary and subject to such conditions as the Committee may at any time and from time to time determine, if such Participant shall have elected in his or her Distribution Election to receive the benefits due him under the Plan in installment payments, and if such Participant's Beneficiary under the Qualified Plan shall be his spouse, then such spouse shall receive the benefits due him or her under the Plan as calculated in accordance with the

provisions of this Section 2.01(c)(ii) in five (5) annual installments commencing as of, and within thirty (30) days following, the January 1 following such Participant's Termination Date. The first such installment payable hereunder shall equal the product of (x) the sum of (A) the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.01(a)(iii) based on the Participant's age as of his or her date of death, and (B) if such Payment Date shall be more than sixty (60) days following the Participant's Termination Date, the product of (1) such single sum amount and (2) the Plan Interest Rate in effect on such Participant's Termination Date and (3) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365) and (y) a fraction the numerator of which shall be one and the denominator of which shall be five (5). Each of the four (4) subsequent installments shall be payable as of, and as soon as administratively possible following, the next succeeding January 1 and shall be in an amount equal to the product of (x) the sum of (A) the excess of the single sum amount which would have been payable to such spouse as of the prior January 1 if he or she were entitled to receive a single sum payment in lieu of the remaining installment payments over the amount distributed to such spouse as of such January 1 and (B) the product of (1) such single sum amount and (2) the Plan Interest Rate in effect during the calendar year prior to the calendar year in which such installment payment is being paid and (y) a fraction the numerator of which shall be one and the denominator of which shall be the excess of five (5) over the number of such installments theretofore paid; provided, however, that the last installment shall be equal to the remaining amount due such spouse in accordance with the provisions of this Section 2.01(c)(ii). If such a spouse shall die prior to his or her receipt of any or all of the installments due under this Section 2.01(c)(ii), then the remaining installments due shall be paid to such spouse's estate in a lump sum amount, without any interest or earnings thereon from and after the date of such spouse's death. Any amount due under this Section 2.01(c)(ii) shall be paid within thirty (30) days following the date as of which such amount shall be due, without any interest or earnings thereon from and after the date as of which such amount shall be due.

2.02 Termination Before Normal Retirement.

(a) Amount. If a Participant's Termination Date shall be prior to his or her Normal Retirement Date and at a time when his or her Vested Percentage shall be one hundred percent (100%), the following calculations shall be made:

(i) There shall first be determined the amount per annum which would be payable as a life annuity to such Participant under the provisions of the Qualified Plan commencing on his or her Normal Retirement Date on the assumptions that (A) the provisions of the Qualified Plan designed to comply with the requirements of section 415 of the Code were not included therein, (B) the provisions of the Qualified Plan designed to comply with the provisions of section 401(a)(17) of the Code were not included therein, (C) the definition of Compensation contained in the Qualified Plan provided an add-back for contributions by such Participant to the Company's Supplemental Savings Plan and (D) if such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her death, that it had terminated other than by reason of his or her death.

(ii) There shall then be determined the amount per annum which is actually payable as a life annuity to such Participant under the Qualified Plan commencing on his or her Normal Retirement Date; provided, however, that, if such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her death, such amount per annum shall be determined on the assumption that such employment had terminated other than by reason of his or her death.

(iii) There shall then be determined the amount equal to the excess, if any, of the amount per annum determined in accordance with the provisions of Section 2.02(a)(i) over the amount per annum determined in accordance with the provisions of Section 2.02(a)(ii).

(b) Payments Other Than Due to Death.

(i) In the event that the Termination Date of a Participant described in Section 2.02(a) occurs other than due to death, there shall be paid to such Participant (or, in the event of his or her death after such Termination Date but before payment occurs, to such Participant's surviving spouse, if any, and if there is no surviving spouse, to such Participant's estate), within sixty (60) days after such Participant's Payment Date, the amount which, when expressed as a single sum as of such Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.02(a)(iii); provided, however, that if such Participant shall have elected in his or her Distribution Election to defer his or her Payment Date to the January next following his or her Termination Date and if such Payment Date shall be more than sixty (60) days following his or her Termination Date, then the single sum amount payable to such Participant as computed in accordance with the provisions of this Section 2.02(b)(i) shall be increased by an amount equal to the product of (x) such single

sum amount (y) the Plan Interest Rate in effect on such Participant's Termination Date and (z) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365).

(ii) Notwithstanding anything contained in Section 2.02(b)(i) to the contrary and subject to such conditions as the Committee may at any time and from time to time determine, if such Participant described in Section 2.02(b)(i) shall have so elected in his or her Distribution Election, then he or she shall receive the benefits due him or her under the Plan as calculated in accordance with the provisions of this Section 2.02(b)(ii) in five (5) annual installments commencing as of, and within thirty (30) days following, the January 1 following his or her Termination Date. The first such installment payable hereunder shall equal the product of (x) the sum of (A) the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.02(a)(iii), and (B) if such Payment Date shall be more than sixty (60) days following his or her Termination Date, the product of (1) such single sum amount and (2) the Plan Interest Rate in effect on such Participant's Termination Date and (3) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365) and (y) a fraction the numerator of which shall be one and the denominator of which shall be five (5). Each of the four (4) subsequent installments shall be payable as of, and as soon as administratively possible following, the next succeeding January 1 and shall be in an amount equal to the product of (x) the sum of (A) the excess of the single sum amount which would have been payable to such Participant as of the prior January 1 if he or she were entitled to receive a single sum payment in lieu of the remaining installment payments over the amount distributed to such Participant as of such January 1 and (B) the product of (1) such single sum amount and (2) the Plan Interest Rate in effect during the calendar year prior to the calendar year in which such installment payment is being paid and (y) a fraction the numerator of which shall be one and the denominator of which shall be the excess of five (5) over the number of such installments theretofore paid; provided, however, that the last installment shall be equal to the remaining amount due such Participant in accordance with the provisions of this Section 2.02(b)(ii). If a Participant shall die prior to his or her receipt of any or all of the installments due under this Section 2.02(b)(ii), and if his or her Beneficiary under the Qualified Plan shall be his spouse, then the remaining installments shall be paid at such time or times as they would be otherwise paid if such Participant had not died prior to receipt of all of such installments. If a Participant shall die prior to his or her receipt of

any or all of the installments due under this Section 2.02(b)(ii), and if his or her Beneficiary under the Qualified Plan shall not be his spouse, then the remaining installments due shall be paid to such Participant's estate in a lump sum amount, without any interest or earnings thereon from and after the date of such Participant's death. Any amount due under this Section 2.02(b)(ii) shall be paid within thirty (30) days following the date as of which such amount shall be due, without any interest or earnings thereon from and after the date as of which such amount shall be due. Notwithstanding anything in this Section 2.02(b)(ii) to the contrary, if during the calendar year in which such Participant's Termination Date shall occur a Participant shall have filed a Distribution Election with the Company to receive payment of his or her benefits under the Plan in accordance with the provisions of this Section 2.02(b)(ii), such Distribution Election shall be null and void and such Participant shall receive a distribution of his or her benefits under the Plan in accordance with the provisions of Section 2.02(b)(i).

(c) Termination Due to Death.

(i) Except as provided in Section 2.02(c)(ii) below, in the event that the Termination Date of a Participant described in Section 2.02(a) occurs as a result of such Participant's death, then, (x) if he or she shall die prior to his or her fifty-fifth (55th) birthday and he or she shall have been married on the date of his or her death, there shall be paid to his or her surviving spouse, within sixty (60) days after his or her Termination Date the amount which, when expressed as a single sum as of his or her Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.02(a)(iii) based on the Participant's age as of his or her date of death, or (y) if he or she shall die on or subsequent to his or her fifty-fifth (55th) birthday, there shall be paid to such Participant's surviving spouse if any, and if there is no surviving spouse, to such Participant's estate, within sixty (60) days after his or her Termination Date, the amount which, when expressed as a single sum as of his or her Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.02(a)(iii) based on the Participant's age as of his or her date of death.

(ii) Notwithstanding anything in Section 2.02(c)(i) above to the contrary and subject to such conditions as the Committee may at any time and from time to time determine, if such Participant shall have elected in his or her Distribution Election to receive the benefits due him under the Plan in installment payments, and if such Participant's Beneficiary under the Qualified Plan shall be his spouse, then such spouse shall receive the benefits due him or her under the Plan as calculated in accordance with the provisions of this Section 2.02(c)(ii) in five (5) annual installments

commencing as of, and within thirty (30) days following, the January first following such Participant's Termination Date. The first such installment payable hereunder shall equal the product of (x) the sum of (A) the amount which, when expressed as a single sum as of the Participant's Termination Date, is the Actuarial Equivalent of the amount per annum determined in accordance with the provisions of Section 2.02(a)(iii) based on the Participant's age as of his or her date of death, and (B) if such Payment Date shall be more than sixty (60) days following the Participant's Termination Date, the product of (1) such single sum amount and (2) the Plan Interest Rate in effect on such Participant's Termination Date and (3) a fraction the numerator of which is the number of days beginning on such Participant's Termination Date and ending on the January 1 following such Termination Date and the denominator of which is three hundred and sixty five (365) and (y) a fraction the numerator of which shall be one and the denominator of which shall be five (5). Each of the four (4) subsequent installments shall be payable as of, and within thirty (30) days following, the next succeeding January 1 and shall be in an amount equal to the product of (x) the sum of (A) the excess of the single sum amount which would have been payable to such spouse as of the prior January 1 if he or she were entitled to receive a single sum payment in lieu of the remaining installment payments over the amount distributed to such spouse on such January 1 and (B) the product of (1) such single sum amount and (2) the Plan Interest Rate in effect during the calendar year prior to the calendar year in which such installment payment is being paid and (y) a fraction the numerator of which shall be one and the denominator of which shall be the excess of five (5) over the number of such installments theretofore paid; provided, however, that the last installment shall be equal to the remaining amount due such spouse in accordance with the provisions of this Section 2.02(c)(ii). If such a spouse shall die prior to his or her receipt of any or all of the installments due under this Section 2.02(c)(ii), then the remaining installments due shall be paid to such spouse's estate in a lump sum amount, without any interest or earnings thereon from and after the date of such spouse's death. Any amount due under this Section 2.02(c)(ii) shall be paid within thirty (30) days following the date as of which such amount shall be due, without any interest or earnings thereon from and after the date as of which such amount shall be due.

2.03 Delay in Payments to Specified Employees. Notwithstanding anything contained in the Plan to the contrary, a distribution of benefits under the Plan (other than a distribution of Grandfather Amounts) on account of separation of service to a Participant who is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code) shall be made, or commence to be made, on the later of (i) the date provided under the Plan without regard to this paragraph, or (ii) the first business day of the seventh month following such Participant's separation from service (the "delayed payment period"). A Participant shall be a "specified employee" if he or she is

a “key employee” (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of the Company or any Affiliate at any time during the 12-month period ending on the “Identification Date.” If a Participant is a “key employee” as of an Identification Date, then he or she shall be treated as a “specified employee” for the 12-month period beginning on the first day of the fourth month following the Identification Date. For purposes of the foregoing, the Identification Date shall be December 31. In the event that payment(s) of a Participant’s benefits under the Plan is (are) delayed as a result of this Section 2.03, the delayed payment (or the first payment in the event of installment payments) shall be increased by interest for the delayed payment period calculated at the “Plan Interest Rate.” The Plan Interest Rate during the delayed payment period shall be the rate per annum of the yield to maturity on a 10-year Treasury Note in effect on the first business day of the Plan Year in which the delayed payment period commences; provided, however, that if the delayed payment period extends beyond the close of a Plan Year, the Plan Interest Rate shall be adjusted so that interest for the remainder of the delayed payment period is based on the 10-year Treasury Note in effect on the first business day of the following Plan Year.

ARTICLE III

General

3.01 **Benefits Payable from Company Assets.** The sole interest of each Participant under the Plan shall be to receive the benefits provided herein as and when the same shall become due and payable in accordance with the terms hereof and neither any Participant nor any person claiming under or through him or her shall have any right, title or interest in or to any of the assets of the Company. All benefits hereunder shall be paid solely from the general assets of the Company, the Company shall not maintain any separate fund to provide any benefits hereunder and each Participant (or the executors or administrators of his or her estate) shall be solely an unsecured creditor of the Company with respect thereto.

3.02 **Offsets.** Notwithstanding any provisions of the Plan to the contrary, the Company may, if the Committee in its sole and absolute discretion shall determine, offset any amounts to be paid to a Participant (or, in the event of his or her death, the executors or administrators of his estate) under the Plan against any amounts which such participant may owe to the Company and/or any one of more of its Subsidiaries.

3.03 **Assignments Prohibited.** Except as required by applicable law, no benefit under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance, and any attempt to do so shall be void; nor, except as otherwise provided in Section 3.02, shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of any Participant.

3.04 **Withholdings.** All payments made by the Company under the Plan to any Participant (or, in the event of his or her death, the executors or administrators of his or

her estate) shall be subject to withholding and to such other deductions as shall at the time of such payment be required under any income tax or other law, whether of the United States or any other jurisdiction, and, in the case of payments to the executors or administrators of the estate of a deceased Participant, the delivery to the Company of such tax waivers, letters testamentary and other documents as the Committee may reasonably request.

ARTICLE IV

Administration

4.01 Conflicts. No Committee member at any time acting hereunder who is a Participant shall, acting in his or her capacity as such, have any voice in any decision of the Committee made uniquely with respect to such Committee member or his benefits hereunder.

4.02 Committee Determinations. In the event of any disagreement among the Committee members at any time acting hereunder and authorized to act with respect to any matter, the decision of a majority of said Committee members authorized to act upon such matter shall be controlling and shall be binding and conclusive upon all persons, including, without in any manner limiting the generality of the foregoing, the other Committee member or Committee members, the Company and its Subsidiaries, all persons at any time in the employ of the Company or any of its Subsidiaries and the Participants and upon the respective successors, assigns, executors, administrators, heirs, next-of-kin and distributees of all of the foregoing.

4.03 Successor Members. Subject to the provisions of Section 4.01, each additional and each successor Committee member at any time acting hereunder shall have all of the rights and powers (including discretionary rights and powers) and all of the privileges and immunities hereby conferred upon the initial Committee members hereunder and all of the duties and obligations so imposed upon the initial Committee members hereunder.

4.04 No Bond Required. No Committee member at any time acting hereunder shall be required to give any bond or other security for the faithful performance of his or her duties as such Committee member.

4.05 Retention of Counsel. The Committee may retain legal counsel and actuarial counsel selected by it. Any Committee member may himself or herself act in any such capacity, and any such legal counsel and actuarial counsel may be persons acting in a similar capacity for the Company and/or one or more of its Subsidiaries and may be employees of the Company and/or one or more of its Subsidiaries. The opinion of any such legal counsel or actuarial counsel shall be full and complete authority and protection in respect of any action taken, suffered or omitted by the Committee in good faith and in accordance with such opinion.

4.06 Authority to Delegate. In addition to all rights to allocate and delegate responsibilities, obligations or duties specifically granted to the Committee by the provisions hereof, it is specifically understood that the Committee is hereby granted, and shall always have, to the fullest extent allowed by law, by a written instrument executed by all of the members of the Committee and revocable by any one or more of them, the power to allocate any and all specific responsibilities, obligations or duties among themselves and to delegate to any other person, firm or corporation the responsibility to carry out any of their responsibilities hereunder and, to the extent of any such allocation or delegation, the person or persons effecting such allocation or delegation shall have no responsibility for any acts or omissions of the other person, firm or corporation to whom such responsibilities, obligations or duties have been allocated or delegated.

4.07 Records. The Company and the Committee shall each keep such records, and shall each seasonably give notice to the other of such information, as shall be proper, necessary or desirable in order to effectuate the purposes of the Plan, including, without in any manner limiting the generality of the foregoing, records and information with respect to the benefits granted to Participants, dates of employment and determinations made hereunder. Neither the Company nor the Committee shall be required to duplicate any records kept by the other. To the extent that the Company and/or the Committee shall prescribe forms for use by the Participants in communicating with the Company or the Committee, as the case may be, and/or shall establish periods during which communications may be received, the Company and the Committee shall respectively be protected in disregarding any notice or communication for which a form shall have been so prescribed and which shall not be received on such form and/or any notice or communication for the receipt of which a period shall so have been established and which shall not be received during such period, and the Company and the Committee shall also respectively be protected in accepting any notice or communication which shall not be made on the proper form and/or in accepting any notice or communication which shall not be received during the proper period, and their doing so shall not be deemed to create any precedent with respect thereto. The Company and the Committee shall respectively also be protected in acting upon any notice or other communication purporting to be signed by any person and reasonably believed to be genuine and accurate.

4.08 Authority to Exercise Discretion. All determinations hereunder made by the Company or the Committee shall be made in the sole and absolute discretion of the Company or of the Committee, as the case may be.

4.09 Disputes. In the event that any disputed matter shall arise hereunder, including, without in any manner limiting the generality of the foregoing, any matter relating to the eligibility of any person to participate under the Plan, the participation of any person under the Plan, the amounts payable to any person under the Plan and the applicability and interpretation of the provisions of the Plan, the decision of the Committee upon such matter shall be binding and conclusive upon all persons, including, without in any manner limiting the generality of the foregoing, the Company, all of its Subsidiaries, all persons at any time in the employ of the Company and/or one or more of

its Subsidiaries, and upon the respective successors, assigns, executors, administrators, heirs, next-of-kin and distributees of the foregoing.

4.10 No Liability. The Company shall not have any responsibility or liability whatever hereunder except to make any payment required under the provisions hereof, and no director or officer of the Company who is not a Committee member shall have any responsibility or liability whatever hereunder and no director or officer of the Company who is a Committee member shall have any responsibility or liability hereunder other than by reason of being a Committee member.

ARTICLE V

Claims Procedure

5.01 Filing Claims. If a Participant (or, in the event of his or her death, the executors or administrators of his or her estate) (the "Claimant") believes that he or she has not received all the benefits to which he or she is entitled under the Plan or has otherwise been damaged by any action or decision regarding his or her participation in the Plan or the benefits payable to him or her under the Plan, he or she may file a claim notice with the Claims Officer. The claim notice must be typewritten and signed and shall specify in reasonable detail his or her objections and the reasons therefor.

5.02 Claim Denial. If the Claims Officer shall deny a claim in whole or in part, the Claimant shall be given written notice of this decision within ninety (90) days after the claim is filed. In the event that special circumstances require more time, this ninety (90) day period may be extended by up to an additional ninety (90) days. In such a case, the special circumstances shall be explained to the Claimant and the Claims Officer shall indicate the date by which he or she expects to render a final decision. The notice that the claim has been denied in whole or in part will inform the Claimant of the specific reason or reasons for the denial, will contain specific references to the pertinent Plan provisions on which the denial is based, will describe any additional material or information necessary for the Claimant to perfect the claim and will inform the Claimant of the steps he or she must take if he or she wishes to submit the claim for review.

5.03 Appeals. If a claim is denied and the Claimant disagrees with the decision of the Claims Officer, the Claimant may appeal that decision to the Committee by filing with the Committee a written request for review. Such request must be filed with the Committee within sixty (60) days after receipt by the Claimant of written notification of the denial of his claim by the Claims Officer, must be typewritten and signed and must state the reasons underlying the appeal. Upon appeal the Claimant may review pertinent documents, may submit issues and comments in writing, may request a hearing before the Committee and may be represented, if he or she wishes, at his or her own expense, by legal counsel or other authorized representative. The Committee will ordinarily render a written decision within sixty (60) days after receipt of a request for review. If special circumstances require more time (for example, if a hearing is requested), this sixty (60)

day period may be extended by up to an additional sixty (60) days, in which case the Claimant will be so notified before the expiration of the original sixty (60) day period. The Committee's decision on review will include specific reasons for their decision as well as specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE VI

Definitions

6.01 Definitions. For purposes of the Plan, the following terms shall have the respective meanings assigned thereto.

(a) "Actuarial Equivalent," when used with respect to a benefit or an amount, shall mean for termination of employment (a) prior to January 1, 1999, a benefit or amount having the same value as such first mentioned benefit or amount when computed on the basis of interest at the rate of seven and one half percent (7½%) per annum, compounded annually and mortality based on the 1983 Group Annuity Mortality Table for Males Set Back Five (5) Years for Females and (b) on or after January 1, 1999, a benefit or amount having the same value as such first mentioned benefit or amount when computed on the basis of an interest rate equal to the average annual rate of interest on 30-year Treasury securities for the month of November most recently preceding the calendar year in which the Termination Date of the Participant to whom or in respect of whom a distribution is to be made hereunder, as specified in guidance published by the IRS, and mortality based on the 1983 Group Annuity Mortality Table, as modified and set forth under IRS Revenue Ruling 95-6.

(b) "Beneficiary," as used with respect to the Participant and with respect to any time, shall mean the Participant's "beneficiary" under the Qualified Plan as in effect at the time with respect to which such term is used.

(c) "Board" shall mean the board of directors of the Company or any committee designated by said board of directors to have its authority with respect to the Plan.

(d) "Claims Officer" shall mean the Vice President - Corporate Human Resources of the Company or, if the claimant shall be the Vice President - Corporate Human Resources, the Chief Financial Officer of the Company.

(e) "Code" shall mean the Internal Revenue Code of 1986 as in effect at the time with respect to which such term is used.

(f) "Committee" shall mean the Compensation Committee of the Board, which is charged with the administration of the Plan.

(g) “Distribution Election,” shall mean a Participant’s written election specifying the Payment Date as of which amounts payable to such Participant in accordance with the provisions of Article 2 shall be paid, and any optional form of payment permitted by the Plan.

(h) “Eligible Employee” shall mean each management or highly compensated employee, within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, of the Company and/or one of more of its Participating Subsidiaries who has an annual rate of base salary of \$150,000 or more; provided, however, that notwithstanding anything contained in the Plan to the contrary, Mervyn Mandelbaum, shall not be eligible to become a Participant.

(i) “ERISA” shall mean the Employee Retirement Income Security Act of 1974 as in effect at the time with respect to which such term is used.

(j) “Grandfathered Amounts” shall mean, with respect to any Participant, the present value, as of December 31, 2004, of the amount to which the Participant would be entitled to under the Plan if he or she voluntarily terminated employment with the Company on December 31, 2004 and received a payment of the benefits having the maximum value available under the Plan on the earliest possible date allowed under the Plan; provided, however, that such Grandfathered Amount shall be increased to equal the present value of the benefit the Participant actually becomes entitled to under the Plan without regard to any further services rendered by the Participant after December 31, 2004 or any other events affecting the amount of the entitlement to benefits (other than an election with respect to the time or form of an available benefit under the Plan).

(k) “Normal Retirement Date” shall have the meaning ascribed thereto by the provisions of the Qualified Plan.

(l) “Participant” shall mean a person who shall have become a Participant under the Plan in accordance with the provisions of Section 1.02 and whose participation shall not have terminated by reason of the payment of his benefits hereunder.

(m) “Participating Subsidiary” shall mean a Subsidiary that has adopted the Plan with the approval of the Company. Effective January 31, 2004, Calvin Klein, Inc. shall be a Participating Subsidiary. Effective January 1, 2008, PVH Superba/Insignia Neckwear, Inc. and PVH/Superba Retail Management Corp. shall each be a Participating Subsidiary.

(n) “Payment Date” shall mean a Participant’s Termination Date or the first business day of the year following the year in which a Participant’s Termination Date shall occur as set forth in such Participant’s Distribution Election on file with the Company; provided, however, that, if such Participant

shall be a "covered employee" of the Company within the meaning of section 162(m)(3) of the Code with respect to the taxable year of the Company in which his or her Termination Date shall occur, then, such Participant's Payment Date shall be the first day of the succeeding taxable year of the Company. Each payment due hereunder with respect to any benefits other than Grandfathered Amounts, shall be treated as a separate payment for purposes of Section 409A of the Code and the regulations promulgated thereunder.

(o) "Permanent Disability," as used with respect to a Participant, shall mean a state of physical or mental incapacity of such Participant such that, in the opinion of the Committee, based upon a medical certificate from a physician or physicians satisfactory to the Committee, such Participant, by reason of injury, illness or disease, is unable to fulfill the requirements of his or her position with the Company and its Subsidiaries and such disability will be permanent and continuous during the remainder of his or her life.

(p) "Plan Interest Rate," as used with respect to any day during a calendar year, shall mean a rate per annum equal to the yield to maturity on a 10-Year Treasury Note as of the close of the first business day of such calendar year.

(q) "Qualified Plan," as used with respect to any time, shall mean the Phillips-Van Heusen Corporation Pension Plan as in effect at the time with respect to which such term is used.

(r) "Subsidiary" shall mean a corporation (other than the Company) included in an unbroken chain of corporations beginning with the Company if, at the time with respect to which such term is used, each of the corporations other than the last corporation in such unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such unbroken chain.

(s) "Supplemental Savings Plan," as used with respect to any time, shall mean the Phillips-Van Heusen Corporation Supplemental Savings Plan as adopted by the Board effective as of January 1, 1991 and as in effect at the time with respect to which such term is used.

(t) "Termination Date," as used with respect to a Participant, shall mean the date on which the employment of such Participant by the Company and all of its Subsidiaries shall terminate; provided, however, if the Subsidiary by which a Participant is employed shall cease to be a Subsidiary, and if such Participant shall not thereupon become an employee of the Company or another Subsidiary, his or her employment by the Company and its Subsidiaries shall be deemed to have terminated. Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company and its Subsidiaries with respect to any benefits other than Grandfathered Amounts, unless he or she would be considered to have incurred a

“termination of employment” from the Company and its Subsidiaries within the meaning of Treasury Regulation §1.409A-1(h)(1) (ii).

(u) “Vested Percentage,” as used with respect to a Participant and with respect to any date, shall mean (a) one hundred percent (100%) if his or her employment by the Company and all of its Subsidiaries shall have terminated on or prior to such date by reason of his or her death or his or her Permanent Disability or after he shall have completed five (5) consecutive years of employment with the Company and/or any of its Subsidiaries and (b) zero percent (0%) if his or her employment by the Company and its Subsidiaries shall have terminated on or prior to such date under any other circumstances; provided, however, that the Vested Percentage of a Participant referred to in Section 1.02(b) of the Plan shall be zero percent (0%) if his or her employment by the Company and its Subsidiaries shall have terminated, other than due to death or disability (as defined in Treasury Regulation §1.409A-3(i)(4)), on or prior to the one-year anniversary of the date that the Participant’s Distribution Election is filed (or deemed filed) under Section 1.03 of the Plan.

Notwithstanding the foregoing, a Participant shall not have any vested interest in such portion of his or her benefit under the Plan that accrues on or after January 1, 2007 unless (i) the sum of his or her attained age and Credited Vesting Years equals or exceeds sixty-five (65), and (ii) while employed by the Company, he or she has attained age fifty (50) and has completed at least ten (10) Credited Vesting Years. For purposes of the foregoing, the term “Credited Vesting Years” shall have the meaning assigned thereto under the Qualified Plan.

ARTICLE VII

Amendment; Termination

7.01 Amendments and Termination. The Company may, at any time and from time to time, pursuant to a resolution of the Board, amend the terms and provisions of the Plan and may, at any time, similarly terminate the Plan; provided, however, that no such amendment or termination shall impair the Company’s obligation to make payment or distribution of the amounts theretofore earned under the Plan.

ARTICLE VIII

Construction

8.01 Governing Law. The Plan shall be construed and regulated in accordance with the laws of the State of New York.

8.02 Gender Neutral. To the extent that the context shall permit, any masculine pronoun used herein shall be construed to include also the similar feminine pronoun, any feminine pronoun used herein shall be construed to include also the similar masculine pronoun, any singular word so used shall be construed to include also the similar plural word and any plural word so used shall be construed to include also the similar singular word.

8.03 Dates. Any reference herein to any date or day shall, except as otherwise specifically provided herein, be deemed to be a reference to the close of business on such date or day.

ARTICLE IX

Execution

IN WITNESS WHEREOF, the Company has caused this Plan, as amended and restated herein, to be executed in its name and on its behalf by its duly authorized officer this 16th day of November, 2007.

PHILLIPS-VAN HEUSEN CORPORATION

By: David F. Kozel

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PHILLIPS-VAN HEUSEN CORPORATION

SUPPLEMENTAL SAVINGS PLAN

(As Amended and Restated Effective as of January 1, 2005)

WHEREAS,

1. Phillips-Van Heusen Corporation (the "Company") heretofore adopted, effective as of January 1, 1991, this Supplemental Savings Plan (the "Plan"), a non-qualified plan of deferred compensation, in order to restore to the participants therein benefits which have been lost under the Associates Investment Plan as a result of the application of the provisions of sections 401(a)(17), 401(k), 401(m) and 415 of the Code and to provide deferred compensation to those management or highly compensated employees of the Company and its various Subsidiaries who were eligible to participate.

2. The Company believes that the Plan promotes continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success.

3. The Company desires to amend and restate the Plan in order to incorporate past amendments since the Plan was last restated effective as of April 1, 1999 and to bring the terms of the Plan into compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and final regulations promulgated by the Internal Revenue Service thereunder.

4. Effective January 1, 2008, certain employees of PVH Superba/Insignia Neckwear, Inc. and PVH/Superba Retail Management Corp. shall be eligible to participate.

5. Certain of the terms used herein which are defined (and set forth in alphabetical order) in Article IX hereof shall have the respective meanings ascribed thereto by the provisions of said Article IX.

NOW, THEREFORE, the Company hereby amends and restates the Plan effective as of January 1, 2005 to read as follows:

ARTICLE 1.

PARTICIPATION

1.01 Eligibility. Each person who (a) is a management or highly compensated employee of the Company and/or one or more of its Participating Subsidiaries within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, (b) shall have satisfied the eligibility requirements for the Associates Investment Plan and (c) whose annual rate of base salary is \$150,000 or more, shall be eligible to become a Participant in the Plan; provided, however, that any person who shall have been a Participant in the Plan on March 31, 1999 shall remain eligible to participate in the Plan on April 1, 1999.

1.02 Entry Dates. An eligible person under Section 1.01 (an "Eligible Employee") may, by filing a Contribution Election in the manner set forth in Section 2.01, become a Participant of the Plan on the following dates:

(a) New Hires. An individual who is an Eligible Employee on the date that he or she first has an Hour of Service with the Company or a Participating Subsidiary may become a Participant on the date that he or she becomes eligible to participate in the Associates Investment Plan.

(b) Other Employees. Each other Eligible Employee may become a Participant on the later of the January 1st coincident with or next following the date on which he or she becomes an Eligible Employee or the date that he or she becomes eligible to participate in the Associates Investment Plan; provided, however, that any Eligible Employee who was a Participant of the Plan on December 31, 2004 shall automatically be a Participant on January 1, 2005.

An Eligible Employee who does not become a Participant when first eligible to do so may, provided that he or she remains an Eligible Employee, elect to commence participation

effective the following January 1 or on any January 1 thereafter by filing a Contribution Election in the manner set forth in Section 2.01.

ARTICLE 2.

CONTRIBUTIONS

2.01 Contribution Elections. Subject to such conditions as the Committee may at anytime and from time to time determine, each Participant who shall desire to make contributions to the Plan with respect to any calendar year shall file with the Company, prior to the beginning of such calendar year, his or her election to contribute to the Plan with respect to such calendar year; provided, however, that an Eligible Employee may file his or her first election to contribute to the Plan at any time prior to the 30th day after he or she first becomes eligible to be a Participant, such election to be effective and irrevocable with respect to the remainder of such calendar year.

2.02 Elections Irrevocable. Each Contribution Election with respect to a calendar year (or remainder of a calendar year in the case of new Participants) shall be irrevocable.

2.03 Contribution Amounts. Each Contribution Election with respect to a calendar year shall specify the amount which the Participant filing the same desires to contribute to the Plan with respect to such calendar year (or for the remainder of a calendar year in the case of a new Participant) or the method of calculating such amount; provided, however, that, except as otherwise provided in Section 2.04, no Participant may contribute to the Plan with respect to any calendar year an amount which shall exceed the excess of twenty-five percent (25%) of his or her Compensation (fifteen percent (15%) for Plan Years beginning before January 1, 2007) with respect to such calendar year over the amount which is equal to the maximum percentage of his or her Compensation which he or she is entitled to contribute to the Associates Investment Plan with respect to the plan year thereof ending contemporaneously with such calendar year. The Company shall (either directly or through a Subsidiary) withhold from the Compensation otherwise payable to such Participant during such calendar year the amounts specified in, or

calculated in accordance with, the Contribution Election of such Participant as in effect with respect to such calendar year.

2.04 Non-discrimination Tests. In the event that, as a result of the application of the provisions of the Associates Investment Plan designed to comply with the provisions of sections 401(k)(8)(A) and/or 401(m)(6)(A) of the Code, any amounts are paid to a Participant from the Associates Investment Plan during a calendar year in which he or she shall have a Contribution Election in effect, then, the Company shall (either directly or through a Subsidiary) withhold from the Compensation otherwise payable to such Participant an amount equal to the amount so paid to him or her.

2.05 Cancellation of Election Due to Hardship Withdrawal. Notwithstanding the provisions of Sections 2.03 and 2.04, if any Participant shall have effected a withdrawal from the Associates Investment Plan on account of a “hardship withdrawal”, then his or her Contribution Election shall automatically be terminated.

2.06 Matching Contribution Election. Subject to such conditions as the Committee may from time to time determine, each Participant shall file with the Company his or her Matching Contribution Election. Such Matching Contribution Election shall specify the portion, if any, of the Matching Contribution credited with respect to him or her that shall be credited to such Participant’s Cash Matching Contribution Account and the portion, if any, of such Matching Contribution that shall be credited to such Participant’s Stock Matching Contribution Account. The Committee may, notwithstanding any provisions of the Plan to the contrary, adopt such restrictions as it deems necessary with respect to Section 16(b) Participants in order to comply with Section 16(b) of the Exchange Act.

ARTICLE 3.

ACCOUNTS AND INVESTMENTS

3.01 Accounts. The Company shall establish and maintain on its books with respect to each Participant one or more of the following Accounts:

(a) an Elective Contribution Account, to which shall be credited a Participant's Regular Contributions and any Replacement Contributions; and

(b) a Matching Contribution Account, to which shall be credited a Participant's Matching Contributions.

Such credits shall be made at substantially the same time or times as corresponding contributions are deposited in the Associates Investment Plan with respect to current payroll withholdings thereunder.

3.02 Investments.

(a) Elective Contributions. A Participant's Elective Contribution Account shall be deemed invested in a Phantom Stock Elective Contribution Account and/or a Cash Elective Contribution Account, as follows:

(i) Phantom Stock Elective Contribution Account. Each individual who shall have been a Participant prior to July 1, 1995 shall have a Phantom Stock Elective Contribution Account under the Plan. The credit balance of a Participant's Phantom Stock Elective Contribution Account as of the Amendment Date shall be equal to the number of Phantom Shares credited to his or her Elective Contribution Account under the Plan as in effect immediately prior to the Amendment Date.

(ii) Cash Elective Contribution Account. Except to the extent deemed invested in a Participant's Phantom Stock Elective Contribution Account, all Regular and Replacement Contributions credited to a Participant's Elective Contribution Account shall be deemed invested in a Cash Elective Contribution Account. A Participant's Cash Elective Contribution Account shall, as of each Valuation Date, be credited with an amount equal to interest on the balance thereof at a rate per annum equal to the Plan Interest Rate in effect as of the close of the first business day of the calendar year in which such Valuation Date occurs.

(b) Matching Contributions. A Participant's Matching Contributions shall be deemed to be invested in a Phantom Stock Matching Contribution Account and/or a Cash Matching Contribution Account, as follows:

(i) Phantom Stock Matching Contribution Account. To the extent that a Participant directs that his or her Matching Contributions be credited to a Phantom Stock Matching Contribution Account, such Account shall be credited with a number of Phantom Shares equal to the dollar amount of such Matching Contributions divided by the Fair Market Value of a share of Common Stock on the date such Matching Contribution is credited.

(ii) Cash Matching Contribution Account. Except to the extent deemed invested in a Participant's Phantom Stock Matching Contribution Account, all Matching Contributions credited to a Participant's Matching Contribution Account shall be deemed invested in a Cash Matching Contribution Account. A Participant's Cash Matching Contribution Account shall, as of each Valuation Date, be credited with an amount equal to interest on the balance thereof at a rate per annum equal to the Plan Interest Rate in effect as of the close of the first business day of the calendar year in which such Valuation Date occurs.

3.03 Transfers From Phantom Stock Account to Cash Account. Subject to such conditions as the Committee may at any time and from time to time determine, a Participant may elect to transfer all or a portion of his or her Phantom Stock Elective Contribution Account to his or her Cash Elective Contribution Account, and/or elect to transfer all or a portion of his or her Phantom Stock Matching Contribution Account to his or her Cash Matching Contribution Account. If such an election is made, the Company shall reduce the Participant's Phantom Stock Matching Contribution Account and/or Phantom Stock Elective Contribution Account by the number of Phantom Shares specified in, or calculated in accordance with, the provisions of such election, and credit to such Participant's Cash Matching Contribution Account and/or Cash Elective Contribution Account an amount equal to the product of (a) such number of Phantom

Shares and (b) the Fair Market Value of a share of the Common Stock on the Valuation Date as of which such election is filed.

3.04 Transfers From Cash Matching Contribution Account to Phantom Stock Matching Contribution Account. Subject to such conditions as the Committee may at any time and from time to time determine, a Participant may elect to transfer all or a portion of his or her Cash Matching Contribution Account to his or her Phantom Stock Matching Contribution Account. If such an election is made, the Company shall reduce the Participant's Cash Matching Contribution Account by the amount specified in, such election, and credit to such Participant's Phantom Stock Matching Contribution Account a number of Phantom Shares determined by dividing such amount by the Fair Market Value of a share of the Common Stock on the Valuation Date as of which such election is filed with the Committee.

3.05 Section 16(b) Participants. Notwithstanding anything contained herein to the contrary, the Committee may adopt such restrictions as it deems necessary with respect to Section 16(b) Participants in order to comply with Section 16(b) of the Exchange Act or any laws or corporate policies.

ARTICLE 4.

DIVIDENDS

4.01 Stock Dividends. In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, or in the event that the Common Stock shall be changed into a different number of shares of stock of the Company through reorganization or stock split-up, the Company shall, on the date fixed for determining the stockholders of the Company entitled to receive such stock dividend or to participate in such stock split-up, credit to each Stock Account the number of Phantom Shares which the Participant for whom such Stock Account was created would have received as a result of such stock dividend or stock split-up if such Participant were a stockholder of record on such record date with respect to a number of shares of the Common Stock equal to the number of Phantom Shares theretofore credited to such

Stock Account and if such stock dividend or stock split-up were payable with respect to whole and fractional shares of the Common Stock.

4.02 Cash Dividends. In the event that a dividend shall be declared upon the Common Stock that is payable other than in shares of Common Stock, the Company shall, as of the payment date of such dividend (the "Dividend Payment Date"), credit to each Participant's Phantom Stock Elective Contribution Account and Phantom Stock Matching Contribution Account a number of Phantom Shares equal to the quotient obtained by dividing the dollar value of such dividends on such Dividend Payment Date by the Fair Market Value of a share of Common Stock on such Dividend Payment Date.

ARTICLE 5.

TERMINATION OF PARTICIPATION; BENEFITS

5.01 No Right to Continued Employment. Nothing contained herein shall require the Company or any of its Subsidiaries to continue any Participant in its employ, or require any Participant to continue in the employ of the Company or of any Subsidiary or require the Company or any Subsidiary to rehire any Participant.

5.02 Effect on Contribution Election. If the employment of any Participant by the Company and all of its Subsidiaries shall terminate for any reason whatever, his or her participation under the Plan shall terminate on the Valuation Date occurring in the calendar month in which the date of such termination shall occur; provided, however, that, for purposes of Article 2 governing the rights of a Participant to make contributions hereunder, his or her participation shall terminate on his or her last day of active employment; provided, further, however, that, for purposes of Sections 3.03 and 3.04 a Former Participant shall be treated as an active Participant if he or she shall have a credit balance in any of his or her Accounts. (For the purposes hereof, if the Subsidiary by which a Participant is employed shall cease to be a Subsidiary, and if such Participant shall not thereupon become an employee of the Company or another Subsidiary, his or her employment by the Company and its Subsidiaries shall be deemed

to have terminated.) Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company and its Subsidiaries with respect to any benefits other than “Grandfathered Amounts” as defined in Exhibit A hereto, unless he or she would be considered to have incurred a “termination of employment” from the Company and its Subsidiaries within the meaning of Treasury Regulation §1.409A-1(h)(1)(ii).

5.03 Distribution Elections. Subject to such conditions and requirements as the Committee may deem appropriate, within thirty (30) days after the date that an Eligible Employee is first eligible to become a Participant, he or she may file a Distribution Election with the Company. A Participant who fails to file a Distribution Election by such date shall be deemed to have filed a Distribution Election electing to have his or her Payment Date be his or her Termination Date. A Participant may change his or her Distribution Election by filing a new Distribution Election, which shall supersede the Distribution Election then in effect; provided, however, that, except with respect to Grandfathered Amounts, any such new Distribution Election shall not be given any effect unless (i) such Distribution Election is filed with the Company at least twelve (12) months prior to the originally-scheduled Payment Date, and (ii) the first payment with respect to such new Distribution Election is deferred for a period of not less than five (5) years after the date payment would have been made had such new Distribution Election not been filed. A new Distribution Election with respect to Grandfathered Amounts shall not be effective unless filed with the Company in the calendar year preceding the calendar year in which his or her Termination Date occurs.

5.04 Distributions. The Company shall, within thirty (30) days after a Former Participant’s Payment Date (the date of distribution being referred to herein as the “Distribution Date”), pay to such Former Participant (or, in the event of his or her death, to the executors or administrators of his or her estate) a lump sum amount equal to the sum of

- (a) an amount equal to the sum of (i) the product of (A) the number of Phantom Shares constituting the credit balance in his or her Phantom Stock Elective Contribution Account as of his or her Distribution Date, and (B) the Fair Market Value of

a share of the Common Stock on his or her Distribution Date, and (ii) if his or her Distribution Date shall not be the last business day of a calendar year, the aggregate amount of the cash dividends he or she would have received during the calendar year in which his or her Distribution Date shall occur if, on each day in such calendar year through and including such Distribution Date he or she were the record owner of a number of shares of the Common Stock equal to the average number of Phantom Shares constituting the credit balance in such Account during the portion of such calendar year ending on his or her Distribution Date (calculated without giving effect to the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year),

and

(b) an amount equal to the credit balance in his or her Cash Elective Contribution Account as of his or her Distribution Date,

and

(c) an amount equal to his or her Vested Percentage of the sum of (i) the product of (A) the number of Phantom Shares constituting the credit balance in his or her Phantom Stock Matching Contribution Account as of his or her Distribution Date, and (B) the Fair Market Value of a share of the Common Stock on his or her Distribution Date, and (ii) if his or her Distribution Date shall not be the last business day of a calendar year, the aggregate amount of the cash dividends he or she would have received during the calendar year in which his or her Distribution Date shall occur if, on each day in such calendar year through and including such Distribution Date he or she were the record owner of a number of shares of the Common Stock equal to the average number of Phantom Shares credited to such Account during the portion of such calendar year ending on his or her Distribution Date (calculated without giving effect to the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year),

and

(d) an amount equal to his or her Vested Percentage of the credit balance in his or her Cash Matching Contribution Account as of his or her Distribution Date.

5.05 Installments. Notwithstanding anything in this Article 5 to the contrary and subject to such conditions as the Committee may at any time and from time to time determine, if a Former Participant shall have so elected in his Distribution Election, then he or she shall receive the benefits due him or her under the Plan in five (5) annual installments commencing in January of the year following his or her Termination Date (each date on which an installment is made being referred to herein as an "Installment Distribution Date"). Each such installment shall be in an amount equal to the product of (a) the aggregate credit balance in his or her Cash Accounts and Stock Accounts, determined in accordance with the provisions of Section 5.04, on the Installment Distribution Date on which payment of such installment is made, and (b) a fraction the numerator of which shall be one and the denominator of which shall be the excess of five (5) over the number of such installments theretofore paid; provided, however, that the last installment shall be equal to the entire credit balance in such Participant's Cash Accounts and Stock Accounts, determined in accordance with the provisions of Section 5.04, on the Installment Distribution Date on which it is made; provided, further, however, that if such Former Participant shall die prior to his or her receipt of any or all of the installments due under this Section 5.05, and if his or her Beneficiary under the Associates Investment Plan shall be his Spouse, then the remaining installments shall be paid at such time or times as they would be otherwise paid if such Former Participant had not died prior to receipt of all of such installments; provided, further, however, that if his or her Beneficiary under the Associates Investment Plan shall not be his Spouse, then the entire credit balance in such Participant's Cash Accounts and Stock Accounts, determined in accordance with the provisions of Section 5.04, shall be paid to such Former Participant's estate in a lump sum amount within ninety (90) days following his or her date of death; provided, further, however, that if during the calendar year in which such Former Participant's Termination Date shall occur a Former Participant shall have filed a Distribution Election with the Company to receive payment of his or her benefits under the Plan

in accordance with the provisions of this Section 5.05, such Distribution Election shall be null and void and such Former Participant shall receive a distribution of his or her benefits under the Plan in accordance with the provisions of Section 5.04; provided, further, however, that such Distribution Election shall not be null and void if such Participant shall die during the year in which he or she shall have filed such Distribution Election. Interest on the credit balance in a Participant's Cash Accounts and dividends on the Common Stock shall be credited in accordance with the provisions of whichever shall be applicable of Sections 3.02(a)(ii), 3.02(b)(ii) or Article 4 while there shall be a credit balance in any of such Participant's Accounts.

5.06 Delay in Payments to Specified Employees. Notwithstanding anything contained in the Plan to the contrary, a distribution on account of separation of service to a Participant who is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code) shall be made, or commence to be made, on the later of (i) the date provided under the Plan without regard to this paragraph, or (ii) the first business day of the seventh month following such Participant's separation from service (the "delayed payment period"). A Participant shall be a "specified employee" if he or she is a "key employee" (as defined in Section 416(i) of the Code without regard to Section 416(i)(5) thereof) of the Company or any Affiliate at any time during the 12-month period ending on the "Identification Date." &nb sp;If a Participant is a "key employee" as of an Identification Date, then he or she shall be treated as a "specified employee" for the 12-month period beginning on the first day of the fourth month following the Identification Date. For purposes of the foregoing, the Identification Date shall be December 31. In the event that payment(s) of a Participant's benefits under the Plan is (are) delayed as a result of this Section, the delayed payment (or the first payment in the event of installment payments) shall be increased by interest for the delayed payment period calculated at the "Plan Interest Rate." The Plan Interest Rate during the delayed payment period shall be the rate per annum of the yield to maturity on a 10-year Treasury Note in effect as of the close of the first business day of the Plan Year in which the delayed payment period commences; provided, however, that if the delayed payment period extends beyond the close of a Plan Year, the Plan Interest Rate shall be adjusted

so that interest for the remainder of the delayed payment period is based on the 10-year Treasury Note in effect as of the close of the first business day of the following Plan Year.

ARTICLE 6.

GENERAL

6.01 Unfunded Benefits. The sole interest of each Participant and Former Participant under the Plan shall be to receive the benefits provided herein as and when the same shall become due and payable in accordance with the terms hereof and neither any Participant nor any Former Participant nor any person claiming under or through him or her shall have any right, title or interest in or to any of the assets of the Company. All benefits hereunder shall be paid solely from the general assets of the Company, the Company shall not maintain any separate fund to provide any benefits hereunder and each Participant and Former Participant (or the executors or administrators of his or her estate) shall be solely an unsecured creditor of the Company with respect thereto.

6.02 Offset. Notwithstanding any provisions of the Plan to the contrary, the Company may, if the Committee in its sole and absolute discretion shall determine, offset any amounts to be paid to a Former Participant (or, in the event of his or her death, to the executors or administrators of his or her estate) under the Plan against any amounts which such Former Participant may owe to the Company and/or any one of more of its Subsidiaries.

6.03 No Right to Assign Benefits. Except as required by applicable law, no benefit under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance, and any attempt to do so shall be void; nor, except as otherwise provided in Section 6.02, shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of any Participant or Former Participant.

6.04 Tax Withholding. All payments made by the Company under the Plan to any Former Participant (or, in the event of his or her death, to the executors or administrators of his or her estate) shall be subject to withholding and to such other deductions as shall at the time of

such payment be required under any income tax or other law, whether of the United States or any other jurisdiction, and, in the case of payments to the executors or administrators of the estate of a deceased Former Participant, the delivery to the Company of such tax waivers, letters testamentary and other documents as the Committee may reasonably request.

ARTICLE 7.

ADMINISTRATION

7.01 Conflict. No Committee member at any time acting hereunder who is a Participant shall, acting in his or her capacity as such, have any voice in any decision of the Committee made uniquely with respect to such Committee member or his or her benefits hereunder.

7.02 Actions by Majority. In the event of any disagreement among the Committee members at any time acting hereunder and authorized to act with respect to any matter, the decision of a majority of said Committee members authorized to act upon such matter shall be controlling and shall be binding and conclusive upon all persons, including, without in any manner limiting the generality of the foregoing, the other Committee member or Committee members, the Company and its Subsidiaries, all persons at any time in the employ of the Company or any of its Subsidiaries and the Participants and Former Participants and upon the respective successors, assigns, executors, administrators, heirs, next-of-kin and distributees of all of the foregoing.

7.03 Successor Members. Subject to the provisions of Section 7.01, each additional and each successor Committee member at any time acting hereunder shall have all of the rights and powers (including discretionary rights and powers) and all of the privileges and immunities hereby conferred upon the initial Committee members hereunder and all of the duties and obligations so imposed upon the initial Committee members hereunder.

7.04 No Bond Required. No Committee member at any time acting hereunder shall be required to give any bond or other security for the faithful performance of his or her duties as such Committee member.

7.05 Legal Counsel, Advisors. The Committee may retain legal counsel and actuarial counsel selected by it. Any Committee member may himself or herself act in any such capacity, and any such legal counsel and actuarial counsel may be persons acting in a similar capacity for the Company and/or one or more of its Subsidiaries and may be employees of the Company and/or one or more of its Subsidiaries. The opinion of any such legal counsel or actuarial counsel shall be full and complete authority and protection in respect of any action taken, suffered or omitted by the Committee in good faith and in accordance with such opinion.

7.06 Right to Delegate. In addition to all rights to allocate and delegate responsibilities, obligations or duties specifically granted to the Committee by the provisions hereof, it is specifically understood that the Committee is hereby granted, and shall always have, to the fullest extent allowed by law, by a written instrument executed by all of the members of the Committee and revocable by any one or more of them, the power to allocate any and all specific responsibilities, obligations or duties among themselves and to delegate to any other person, firm or corporation the responsibility to carry out any of their responsibilities hereunder and, to the extent of any such allocation or delegation, the person or persons effecting such allocation or delegation shall have no responsibility for any acts or omissions of the other person, firm or corporation to whom such responsibilities, obligations or duties have been allocated or delegated.

7.07 Records. The Company and the Committee shall each keep such records, and shall each seasonably give notice to the other of such information, as shall be proper, necessary or desirable in order to effectuate the purposes of the Plan, including, without in any manner limiting the generality of the foregoing, records and information with respect to the benefits granted to Participants, dates of employment and determinations made hereunder. Neither the Company nor the Committee shall be required to duplicate any records kept by the other. To the

extent that the Company and/or the Committee shall prescribe forms for use by the Participants and Former Participants in communicating with the Company or the Committee, as the case may be, and/or shall establish periods during which communications may be received or elections made, the Company and the Committee shall respectively be protected in disregarding any notice or communication for which a form shall have been so proscribed and which shall not be received on such form and/or any notice, communication or election for the receipt of which a period shall so have been established and which shall not be received during such period, and the Company and the Committee shall also respectively be protected in accepting any notice or communication which shall not be made on the proper form and/or in accepting any notice, communication or election which shall not be received during the proper period, and their doing so shall not be deemed to create any precedent with respect thereto. The Company and the Committee shall respectively also be protected in acting upon any notice or other communication purporting to be signed by any person and reasonably believed to be genuine and accurate.

7.08 Exercise of Discretion. All determinations hereunder made by the Company or the Committee shall be made in the sole and absolute discretion of the Company or of the Committee, as the case may be.

7.09 Binding Decisions. In the event that any disputed matter shall arise hereunder, including, without in any manner limiting the generality of the foregoing, any matter relating to the eligibility of any person to participate under the Plan, the participation of any person under the Plan, the amounts payable to any person under the Plan and the applicability and interpretation of the provisions of the Plan, the decision of the Committee upon such matter shall be binding and conclusive upon all persons, including, without in any manner limiting the generality of the foregoing, the Company, all of its Subsidiaries, all persons at any time in the employ of the Company and/or one or more of its Subsidiaries, and upon the respective successors, assigns, executors, administrators, heirs, next-of-kin and distributees of the foregoing.

7.10 Limitations of Liability. The Company shall not have any responsibility or liability whatever hereunder except to make any payment required under the provisions hereof, and no director or officer of the Company who is not a Committee member shall have any responsibility or liability whatever hereunder and no director or officer of the Company who is a Committee member shall have any responsibility or liability hereunder other than by reason of being a Committee member.

ARTICLE 8.

CLAIMS PROCEDURE

8.01 Filing Claims for Benefits. If a Participant or Former Participant (or, in the event of his or her death, the executors or administrators of his or her estate) (the "Claimant") believes that he or she has not received all the benefits to which he or she is entitled under the Plan or has otherwise been damaged by any action or decision regarding his or her participation in the Plan or the benefits payable to him or her under the Plan, he or she may file a claim notice with the Claims Officer. The claim notice must be typewritten and signed and shall specify in reasonable detail his or her objections and the reasons therefor.

8.02 Claim Denials. If the Claims Officer shall deny a claim in whole or in part, the Claimant shall be given written notice of this decision within ninety (90) days after the claim is filed. In the event that special circumstances require more time, this ninety (90) day period may be extended by up to an additional ninety (90) days. In such a case, the special circumstances shall be explained to the Claimant and the Claims Officer shall indicate the date by which he or she expects to render a final decision. The notice that the claim has been denied in whole or in part will inform the Claimant of the specific reason or reasons for the denial, will contain specific references to the pertinent Plan provisions on which the denial is based, will describe any additional material or information necessary for the Claimant to perfect the claim and will inform the Claimant of the steps he or she must take if he or she wishes to submit the claim for review.

8.03 Right to Appeal. If a claim is denied and the Claimant disagrees with the decision of the Claims Officer, the Claimant may appeal that decision to the Committee by filing with the Committee a written request for review. Such request must be filed with the Committee within sixty (60) days after receipt by the Claimant of written notification of the denial of his or her claim by the Claims Officer, must be typewritten and signed and must state the reasons underlying the appeal. Upon appeal the Claimant may review pertinent documents, may submit issues and comments in writing, may request a hearing before the Committee and may be represented, if he or she wishes, at his or her own expense, by legal counsel or other authorized representative. The Committee will ordinarily render a written decision within sixty (60) days after receipt of a request for review. If special circumstances require more time (for example, if a hearing is requested), this sixty (60) day period may be extended by up to an additional sixty (60) days, in which case the Claimant will be so notified before the expiration of the original sixty (60) day period. The Committee's decision on review will include specific reasons for their decision as well as specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE 9.

DEFINITIONS

For purposes of the Plan, the following initially capitalized words and phrases will be defined as set forth below, unless the context clearly requires a different meaning:

9.01 "Account", as used with respect to a Participant or Former Participant, shall mean each of his or her Cash Elective Contribution Account, his or her Phantom Stock Elective Contribution Account, his or her Cash Matching Contribution Account and his or her Phantom Stock Matching Contribution Account.

9.02 "Amendment Date" shall mean April 1, 1999.

9.03 "Affiliate" shall mean any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person.

- 9.04 “Associates Investment Plan” shall mean the PVH Associates Investment Plan for Salaried Associates, as in effect at the time with respect to which such term is used.
- 9.05 “Beneficiary”, as used with respect to the Participant and with respect to any time, shall mean the Participant’s “beneficiary” under the Associates Investment Plan as in effect at the time with respect to which such term is used.
- 9.06 “Board” shall mean the board of directors of the Company or any committee designated by said board of directors to have its authority with respect to the Plan.
- 9.07 “business day” shall mean a day on which the New York Stock Exchange is open for trading.
- 9.08 “Cash Account” shall mean each of a Cash Elective Contribution Account and a Cash Matching Contribution Account.
- 9.09 “Cash Elective Contribution Account”, as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant or Former Participant in accordance with the provisions of Section 3.02(a)(ii).
- 9.10 “Cash Matching Contribution Account”, as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant in accordance with the provisions of Section 3.02(b)(ii).
- 9.11 “Change in Control” shall mean the occurrence of any one or more of (a) the election of one or more individuals to the board of directors of the Company which election results in one-third (1/3) of the directors of the Company consisting of individuals who have not been directors of the Company for at least two (2) years, unless such individuals have been elected as directors or nominated for election by the stockholders as directors by three-fourths (3/4) of the directors of the Company who have been directors of the Company for at least two (2) years; (b) the sale by the Company of all or substantially all of its assets to any Person, the consolidation of the Company with any Person, the merger of the Company with any Person as a

result of which merger the Company is not the surviving entity as a publicly held corporation; (c) the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-fourth (1/4), but less than one-half (1/2), of the shares of the Company having voting power for the election of directors, unless such sales or transfers have been approved in advance by three-fourths (3/4) of the directors of the Company who have been directors of the Company for at least two (2) years; or (d) the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-half (1/2) of the shares of the Company having voting power for the election of directors. For the purposes of this Section, (a) the term “Affiliate” shall mean any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person, (b) the term “Person” shall mean any individual, partnership, firm, trust, corporation or other similar entity and (c) when two (2) or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company, such partnership, limited partnership, syndicate or group shall be deemed a “Person”.

9.12 “Claims Officer” shall mean the Vice President Corporate Human Resources of the Company or, if the Claimant shall be the Vice President Corporate Human Resources of the Company, the Chief Financial Officer of the Company.

9.13 “Code” shall mean the Internal Revenue Code of 1986 as in effect at the time with respect to which such term is used.

9.14 “Committee” shall mean the Compensation Committee of the Board that is charged with the administration of the Plan.

9.15 “Common Stock”, as used with respect to any date, shall mean the shares of the common stock, \$1.00 par value, of the Company authorized on the Amendment Date and any

shares of stock which may, at any time prior to the date on which such term is used, be issued in exchange for and/or upon a change of such shares of Common Stock or any other shares, whether in subdivision or combination thereof, or otherwise, but not any shares of stock which may be issued as a dividend or stock-split on or with respect to said shares of Common Stock or any other such shares.

9.16 “Compensation”, as used with respect to a Participant and with respect to a calendar year, shall mean the total cash compensation paid by the Company and its Subsidiaries to such Participant during such calendar year as reported on Form W-2, including commissions, overtime compensation, bonus payments, vacation pay, holiday pay and other paid leave, and additional cash compensation of every kind so paid but exclusive of moving expenses, deferred compensation, benefit plan pay, imputed compensation, workers’ compensation, stay bonuses, sign-on bonuses and severance pay and determined without giving effect to (a) any contributions made to the Associates Investment Plan by or on behalf of such Participant during such calendar year or (b) any contributions made by such Participant to a flexible spending arrangement as defined in Q & A 7 of proposed Treasury Regulation section 1.125-2 promulgated under the provisions of section 125 of the Code. Notwithstanding anything contained herein to the contrary, “Compensation” for purposes of Article 2 of the Plan shall not include any amounts paid pursuant to the Company’s Long-Term Incentive Plan on or after July 1, 2006.

9.17 “Contribution Election”, as used with respect to a Participant and with respect to any time, shall mean such Participant’s authorization referred to in Section 2.01 as in effect at the time with respect to which such term is used.

9.18 “Credited Vesting Year” shall have the meaning assigned such term under the Associates Investment Plan. A Participant shall be credited with the number of Credited Vesting Years that are credited to such Participant under the Associates Investment Plan.

9.19 “Distribution Election” shall mean a Participant’s written election specifying the Payment Date as of which amounts payable to such Participant under the Plan shall be paid, and any optional form of payment permitted by the Plan.

9.20 “ERISA” shall mean the Employee Retirement Income Security Act of 1974 as in effect at the time with respect to which such term is used.

9.21 “Exchange Act” shall mean The Securities Exchange Act of 1934 as in effect at the time with respect to which such term is used.

9.22 “Fair Market Value”, as used with respect to a share of the Common Stock and with respect to any date, shall mean the closing sale price of a share of the Common Stock as published by the national securities exchange on which the shares of the Common Stock are traded on such date or, if there is no sale of the Common Stock on such date, the average of the bid and asked prices on such exchange at the close of trading on such date or, if the shares of the Common Stock are not listed on a national securities exchange on such date, the average of the bid and asked prices in the over-the-counter market on such date or, if the Common Stock is not traded on a national securities exchange or in the over-the-counter market, the fair market value of a share of the Common Stock on such date as shall be determined in good faith by the Committee.

9.23 “Forfeited Matching Contribution”, as used with respect to a Participant and with respect to a period, shall mean any amounts which are forfeited by such Participant during such period under the Associates Investment Plan other than any such amounts which are forfeited as an incident to the termination of his participation thereunder.

9.24 “Former Participant” shall mean a person whose participation under the Plan shall have terminated in accordance with the provisions of Section 5.02.

9.25 “Grandfathered Amount” shall mean, with respect to any Participant, that portion of his or her Account, if any, that is attributable to amounts deferred or contributed under the Plan prior to January 1, 2005 to the extent that such amounts were vested as of December 31, 2004, and earnings on such amounts to the extent permitted by Treasury Regulation Section 1.409A-6(a)(3)(iv).

9.26 “Matching Contribution” for purposes of this Plan shall mean an amount credited to a Participant’s Matching Contribution Account in accordance with Section 3.01 and which

shall be equal to the excess, if any, of (i) the amount of “Matching Contributions” (as defined by the Associates Investment Plan) that would have been made under the Associates Investment Plan had the Participant’s Regular Contributions been contributed to the Associates Investment Plan and had the limitations of Sections 401(a)(17), 401(k), 401(m), 401(a)(17) and 415 of the Code not been in effect, over (ii) the actual amount of “Matching Contributions” (as defined by the Associates Investment Plan) that are made under the Associates Investment Plan; provided, however, that for Plan Years beginning after December 31, 2007, the Associates Investment Plan shall be deemed to provide Matching Contributions in an amount equal to one hundred percent (100%) of a Participant’s “Payroll Contributions” which shall not exceed two percent (2%) of his or her “Compensation” as of such “Valuation Date” and twenty five percent (25%) of such Participant’s “Payroll Contributions” which shall exceed two percent (2%) of his or her “Compensation” but shall not exceed six percent (6%) of his or her “Compensation” as of such “Valuation Date” (for purposes of the forgoing sentence, quoted terms shall have the respective meanings assigned thereto under the Associates Investment Plan).

9.27 “Matching Contribution Election”, as used with respect to a Participant and with respect to any time, shall mean such Participant’s authorization referred to in Section 2.06 as in effect at the time with respect to which such term is used.

9.28 “Participant” shall mean a person who shall have become a Participant under the Plan in accordance with the provisions of Section 1.02 and whose participation shall not have terminated in accordance with the provisions of Section 5.02.

9.29 “Participating Subsidiary” shall mean a Subsidiary that has adopted the Plan with the approval of the Company. Effective January 31, 2004, Calvin Klein, Inc. shall be a Participating Subsidiary. Effective January 1, 2008, PVH Superba/Insignia Neckwear, Inc. and PVH/Superba Retail Management Corp. shall each be a Participating Subsidiary.

9.30 “Payment Date” shall mean a Participant’s Termination Date or the first Valuation Date of the year following the year in which a Participant’s Termination Date shall occur as set forth in such Participant’s Distribution Election on file with the Company; provided,

however, that, if a Participant shall be a “covered employee” of the Company within the meaning of section 162(m)(3) of the Code with respect to the taxable year of the Company in which his or her Termination Date shall occur, then, such Participant’s Payment Date shall be the first Valuation Date occurring in the succeeding taxable year of the Company. Each payment due hereunder with respect to any benefits other than Grandfathered Amounts shall be treated as a separate payment for purposes of Section 409A of the Code and the regulations promulgated thereunder.

9.31 “Permanent Disability”, as used with respect to a Participant or Former Participant, shall mean a state of physical or mental incapacity of such Participant or Former Participant such that, in the opinion of the Committee, based upon a medical certificate from a physician or physicians satisfactory to the Committee, such Participant or Former Participant, by reason of injury, illness or disease, is unable to fulfill the requirements of his or her position with the Company and its Subsidiaries and such disability will be permanent and continuous during the remainder of his or her life.

9.32 “Person” shall mean any individual, partnership, firm, trust, corporation or other similar entity, and when two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company, such partnership, limited partnership, syndicate or group shall be deemed a “Person”.

9.33 “Phantom Share” shall mean a credit to a Stock Account of a Participant or Former Participant which is equal in value to one share of the Common Stock.

9.34 “Phantom Stock Elective Contribution Account”, as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant or Former Participant in accordance with the provisions of Section 3.01.

9.35 “Phantom Stock Matching Contribution Account”, as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is

required to establish and maintain with respect to such Participant or Former Participant in accordance with the provisions of Section 3.02(b)(i).

9.36 “Plan Interest Rate”, as used with respect to a calendar year, shall mean a rate per annum equal to the yield to maturity on a 10-Year Treasury Note as of the close of business on the first business day of such calendar year.

9.37 “Regular Contribution”, as used with respect to a Participant and with respect to a period, shall mean an amount withheld from the Compensation of such Participant with respect to such period for the purposes of the Plan in accordance with the provisions of Section 2.03.

9.38 “Replacement Contribution”, as used with respect to a Participant and with respect to a period, shall mean an amount withheld from the Compensation of such Participant with respect to such period for the purposes of the Plan in accordance with the provisions of Section 2.04.

9.39 “Section 16(b) Participant” shall mean any Participant whose purchases and sales of Common Stock are subject to the provisions of section 16(b) of the Exchange Act.

9.40 “Stock Account” shall mean each of a Phantom Stock Elective Contribution Account and a Phantom Stock Matching Contribution Account.

9.41 “Subsidiary” shall mean a corporation included in an unbroken chain of corporations beginning with the Company if, at the time with respect to which such term is used, each of the corporations in such unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such unbroken chain.

9.42 “Termination Date” shall mean the date on which a Participant’s participation under the Plan shall terminate in accordance with the provisions of Section 5.02.

9.43 “Valuation Date” shall mean the last business day of each calendar month; provided, however, that, effective as of April 1, 2002, for purposes of Sections 3.02(a)(ii), 3.02(b)(ii), 3.03, 3.04 and 3.07 of the Plan, “Valuation Date” shall mean each business day.

9.44 “Vested Percentage”, as used with respect to a Former Participant shall mean the percentage determined in accordance with the following Table:

Number of Credited Vesting Years	Vested Percentage
0	0%
1	0%
2	25%
3	50%
4	75%
5 or more	100%

Notwithstanding the foregoing provisions of this Section to the contrary, the Vested Percentage of a Former Participant with respect to any date, shall mean one hundred percent (100%) if (a) he or she shall have attained his or her sixty-fifth (65th) birthday on or prior to such date while in the employ of the Company and/or any of its Subsidiaries, (b) his or her employment by the Company and all of its Subsidiaries shall have terminated on or prior to such date by reason of his or her death or Permanent Disability or (c) a Change in Control shall have occurred on or prior to such date while he or she shall have been in the employ of the Company and/or any of its Subsidiaries.

ARTICLE 10.

AMENDMENT; TERMINATION

10.01 Right to Amend or Terminate Plan. The Company may, at any time and from time to time, pursuant to a resolution of the Board, amend the terms and provisions of the Plan and may, at any time, similarly terminate the Plan; provided, however, that no such amendment or termination shall adversely affect the credit balance in any Account on the date of such amendment or reduce the Vested Percentage of any Participant or impair the Company’s obligation to make payment or distribution of amounts theretofore earned under the Plan.

ARTICLE 11.

CONSTRUCTION

11.01 Governing Law. The Plan shall be construed and regulated in accordance with the laws of the State of New York, except to the extent preempted by ERISA.

11.02 Gender References. To the extent that the context shall permit, any masculine pronoun used herein shall be construed to include also the similar feminine pronoun, any feminine pronoun used herein shall be construed to include also the similar masculine pronoun, any singular word so used shall be construed to include also the similar plural word and any plural word so used shall be construed to include also the similar singular word.

11.03 References to Days. Any reference herein to any date or day shall, except as otherwise specifically provided herein, be deemed to be a reference to the close of business on such date or day.

ARTICLE 12.

EXECUTION

IN WITNESS WHEREOF, the Company has caused this Plan, as amended and restated herein, to be executed in its name and on its behalf by its duly authorized officer this 16th day of November, 2007.

PHILLIPS-VAN HEUSEN CORPORATION

By: David F. Kozel

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Acknowledgement of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in

- (i) Post-Effective Amendment No. 2 to Registration Statement (Form S-8, No. 2-73803), which relates to the Phillips-Van Heusen Corporation Employee Savings and Retirement Plan,
- (ii) Registration Statement (Form S-8, No. 33-50841) and Registration Statement (Form S-8, No. 33-59602), each of which relates to the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico,
- (iii) Registration Statement (Form S-8, No. 333-29765) which relates to the Phillips-Van Heusen Corporation 1997 Stock Option Plan,
- (iv) Registration Statement (Form S-8, No. 333-41068) which relates to the Phillips-Van Heusen Corporation 2000 Stock Option Plan,
- (v) Registration Statement (Form S-8, No. 333-109000), which relates to the Phillips-Van Heusen Corporation 2003 Stock Option Plan, and
- (vi) Registration Statement (Form S-8, No. 333-125694) which relates to the Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates, Associates Investment Plan for Hourly Associates and Associates Investment Plan for Residents of the Commonwealth of Puerto Rico

of our report dated December 13, 2007 with respect to the unaudited condensed consolidated financial statements of Phillips-Van Heusen Corporation that are included in its Form 10-Q for the thirteen week period ended November 4, 2007.

Pursuant to Rule 436(c) of the Securities Act of 1933, our report is not a part of the registration statements or post-effective amendments prepared or certified within the meaning of Section 7 or 11 of the Securities Act of 1933.

/s/ ERNST & YOUNG LLP

New York, New York
December 13, 2007

I, Emanuel Chirico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Phillips-Van Heusen Corporation;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 13, 2007

/s/ Emanuel Chirico

Emanuel Chirico
Chairman and Chief Executive Officer

I, Michael Shaffer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Phillips-Van Heusen Corporation;
2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
 - d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 13, 2007

/s/ Michael Shaffer

Michael Shaffer
Executive Vice President and
Chief Financial Officer

**CERTIFICATE PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Phillips-Van Heusen Corporation (the "Company") for the quarterly period ended November 4, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Emanuel Chirico, Chairman and Chief Executive Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 13, 2007

By: /s/ Emanuel Chirico
Name: Emanuel Chirico
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATE PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Phillips-Van Heusen Corporation (the "Company") for the quarterly period ended November 4, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Shaffer, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 13, 2007

By: /s/ Michael Shaffer
Name: Michael Shaffer
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.