SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended January 31, 1999   Commission file number: 1-724

PHILLIPS-VAN HEUSEN CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	13-1166910
(State of incorporation)	(IRS Employer Identification No.)

200 Madison Avenue
New York, New York 10016
(Address of principal executive offices)

212-381-3500
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1.00 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether 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 and (2) has been subject to such filing requirements for at least 90 days.

Yes X   No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of the voting stock of registrant held by nonaffiliates of the registrant as of April 1, 1999 was approximately $185,000,000.

Number of shares of Common Stock outstanding as of April 1, 1999: 27,287,985.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 17, 1999	Part III

* * *

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements relating to the Company's 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) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the levels of sales of the Company's apparel and footwear products, both to its wholesale customers and in its retail stores, and the extent of discounts and promotional pricing in which the Company is required to engage; (iii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth and inventory; (iv) the timing

* and effectiveness of programs dealing with the Year 2000 issue; and *
* (v) other risks and uncertainties indicated from time to time in the *
* Company's filings with the Securities and Exchange Commission. *
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PART I

Item 1. Business

Unless the context otherwise requires, the term "Company" means Phillips-Van Heusen Corporation ("PVH") and its subsidiaries ("Subsidiaries"). The Company's fiscal year is based on the 52-53 week period ending on the Sunday on or closest to January 31 and is designated by the calendar year in which the fiscal year commences. The Company derives market share data information used herein from various industry sources.

Overview

The Company is a leading marketer of men's, women's and children's apparel and footwear, sold under four nationally recognized brand names -- Van Heusen, Bass, Izod and Geoffrey Beene -- in the dress shirt, casual footwear, and sportswear categories. From February 1995 until February 1999, the Company had also owned a fifth nationally recognized brand, Gant. On February 26, 1999, the Company sold the Gant trademark and certain related assets associated with the Company's Gant operations to Pyramid Sportswear AB, which was the brand's international licensee.

The Company is brand focused and manages the design, sourcing and manufacturing of substantially all of its products on a brand by brand basis. The Company's products include both dress and sport shirts and casual shoes and, to a lesser extent, sweaters, neckwear, furnishings, bottoms, outerwear and leather and canvas accessories. Excluding Gant, approximately 20% of the Company's net sales in fiscal 1998 were derived from sales of dress shirts, 33% from sales of footwear and related products and 47% from sales of other apparel goods, primarily branded sportswear. The Company markets its products at a wholesale level through national and regional department store chains and also directly to consumers through its own retail stores, generally located in factory outlet retail malls. The Company believes that marketing through the wholesale channel provides the opportunity to build brand equity and represents its core business, and views its retail business as a complement to its strong branded positions in the wholesale market.

Excluding sales of Gant products, the Company's Van Heusen, Bass, Izod and Geoffrey Beene brands collectively accounted for approximately 93% of the Company's net sales in fiscal 1998. The Company owns three of the four brands, with sales of the fourth -- Geoffrey Beene -- being under licensing agreements with that designer. In fiscal 1998, the Company began marketing DKNY brand men's dress shirts under a licensing agreement with Donna Karan. In addition, in March 1999, the Company entered into a licensing agreement with Supreme International to market dress shirts under the John Henry and Manhattan brands.

The Company's brands enjoy national recognition in their respective sectors of the market and share a rich heritage with between 40 and 120 years of operating history. In the United States, Van Heusen is the best selling men's dress shirt brand, the best selling men's woven sport shirt brand and the best selling men's sweater brand. Geoffrey Beene is the best selling men's designer dress shirt brand in the United States. The Company believes that its overall share of the United States men's dress shirt market, including its branded, designer and private label offerings, is the largest of any company. In the United States, Izod and Izod Club brand products include one of the best selling men's sweater brands, one of the best selling men's basic knit shirts and the number one ranked golf apparel brand in pro shops and resorts. Bass is the leading brand of men's, women's and children's casual shoes at the moderate price range in the United States.

The Company markets its four premier brands to different segments of the market, appealing to varied demographic sectors and a broad spectrum of consumers. This diversity of the Company's brands is intended to minimize competition among the brands. The Van Heusen brand, designed to target the moderate price range, appeals to a fashion sensitive 'middle American' consumer. The typical Bass consumer is fashion conscious with a sense of individuality, attitude and a youthful, spirited point of view. The Company's Izod brand is 'active inspired', designed to sell on the main floor of department stores largely in knitwear categories in the moderate to upper moderate price range. Geoffrey Beene is targeted toward a more fashion-forward consumer who is prepared to purchase apparel in the upper moderate price range. The Company's products are designed to appeal to relatively stable demographic sectors and generally are not reliant on rapidly changing fashion trends.

The Company believes that because of its strong brands it is well-positioned to capitalize on several trends that have affected the apparel and footwear sectors in recent years. These include the stabilization of the department store sector with a smaller number of stronger players, among which the Company ranks its most important customers; the continued importance of branding as a measure of product differentiation; and the stabilization of the dress shirt sector after several years of modest decline.

Consistent with its strategy of developing its brands, the Company has focused on the wholesale sector -- primarily department stores -- as the key source of distribution for its products. The Company believes that the wholesale channel generally, and department stores specifically, provide the best means of promoting a fully conceptualized image for each of its brands and of securing broad awareness of its products and image. The Company's wholesale customers for branded and designer apparel include May Co., Federated, JC Penney, Dayton Hudson, Belk's and Saks, Inc. The Company's customers for footwear include Federated, May Co., Dillard's, Dayton Hudson, Belk's and Saks, Inc.

While focused on the wholesale sector, the Company also sells its products directly to consumers in Company-owned stores located primarily in factory outlet retail malls. At the end of fiscal 1998, the Company operated 666 stores, 26 of which are Gant stores which will close in fiscal 1999. The remaining stores are operated in four formats, matching each of the Company's premier brands -- Van Heusen, Bass, Izod and Geoffrey Beene. Van Heusen and Bass, which have the broadest national recognition, followed by Izod, are in the broadest range of malls. Geoffrey Beene stores are located in malls where that brand has greater name recognition. Historically, the Company participated in the significant expansion of the factory outlet mall sector,

capitalizing on mall expansion to build a portfolio of approximately 1,000 stores and generate significant sales and cash flow growth. However, this strategy left the Company reliant on mall growth rather than on brand and market share development as the primary driver of expansion, contributing to a deterioration in the quality and stability of earnings and failed to strengthen the image and brand equity in its major businesses. Since 1995, the Company has significantly reduced the number of its retail locations and has closed its least profitable stores to optimize its portfolio. The Company's retail presence remains an important complement to its strong branded positions in the wholesale market, facilitating product experimentation, the gathering of market intelligence and effective inventory control.

The Company was incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881, and, with respect to Bass, a business begun in 1876. The Company's principal executive offices are located at 200 Madison Avenue, New York, New York 10016; its telephone number is (212) 381-3500.

Business

Apparel

Dress Shirts

The Company's dress shirts currently are marketed principally under the Van Heusen and Geoffrey Beene brands. These two brands are the leaders in men's dress shirts in their respective markets, with a combined unit market share in the key United States department store sector of 30% in 1998, an increase of four percentage points over the prior year. In addition, the Company markets its dress shirts under the Bass and Etienne Aigner brands, as well as under various private label names. In fiscal 1998, the Company began marketing DKNY brand men's dress shirts under a licensing agreement with Donna Karan. In addition, in March 1999, the Company entered into a licensing agreement with Supreme International to market dress shirts under the John Henry and Manhattan brands.

Van Heusen dress shirts have provided a strong foundation for the Company for most of its 118-year history and now constitute the best-selling men's dress shirt brand in the United States. The Van Heusen dress shirt is marketed at wholesale in the moderate price range to major department stores and men's specialty stores nationwide, including Federated, May Co., JC Penney and Mervyns. Its primary competitors are 'Arrow' brand and private label shirts.

The Company markets Geoffrey Beene men's dress shirts under a license agreement with that designer, which expires in 2003, and which may be extended, at the Company's option, through 2013. Geoffrey Beene dress shirts are the best-selling men's designer dress shirts in the United States. Geoffrey Beene dress shirts are sold in the upper moderate price range to major department stores and men's specialty stores nationwide, including Federated, May Co. and Saks, Inc. Geoffrey Beene dress shirts compete with those of other designers, including 'Perry Ellis' and 'Ralph Lauren Polo'.

Bass dress shirts are marketed at wholesale to major department stores, including Federated and Dayton Hudson, and are sold in the upper moderate price range. DKNY dress shirts are sold in the better price range to major department stores and men's specialty stores nationwide, including Federated, May Co. and Saks, Inc. DKNY dress shirts are targeted to younger and more contemporary customers.

Private label programs offer the retailer the ability to create its own line of exclusive merchandise and give the retailer control over distribution of the product. Private label represents an opportunistic business which leverages the Company's strong design and sourcing expertise. The Company's customers work with the Company's designers to develop shirts in the styles, sizes and cuts which the customers desire to sell in their stores with their particular store names or private labels. Private label programs offer the

consumer quality product and offer the retailer the opportunity to enjoy higher margins and product exclusivity. Private label products, however, do not have the same level of consumer recognition as branded products and private label manufacturers do not generally provide retailers with the same breadth of services and in-store sales and promotional support as branded manufacturers. The Company markets at wholesale men's dress shirts under private labels to major national retail chains and department stores, including JC Penney, Sears, May Co., Target and Federated. The Company believes it is one of the largest marketers of private label dress shirts in the United States.

Sportswear

The Company's sportswear products are marketed principally under the Van Heusen, Izod, Izod Club and Geoffrey Beene brands.

Van Heusen is the best-selling men's woven sport shirt brand and best-selling men's sweater brand in the United States. Van Heusen apparel also includes knit sport shirts and golf apparel. Like Van Heusen branded dress shirts, Van Heusen branded sport shirts and sweaters are marketed at wholesale in the moderate price range to major department stores and men's specialty stores nationwide, including JC Penney, Mervyns, May Co. and Federated. The Company believes that the main floor classification business in department stores is becoming increasingly important and that there are few important brands in that category. As a result, the Company believes that the success of Van Heusen dress shirts in department stores where it is part of the stores' classification offerings supports its presence in the department stores' sportswear classification offerings and presents a significant opportunity for further development.

The product mix targeted for Van Heusen outlet stores is intended to satisfy the key apparel needs of men from dress furnishings to sportswear and of women for sportswear. Van Heusen stores' merchandising strategy is focused on achieving a classic and/or updated traditional look in a range of primarily moderate price points. Target customers represent the broadest spectrum of the American consumer.

Izod occupies a major presence in department stores as a main floor lifestyle classification sportswear brand. Izod branded apparel products consist of active inspired men's and women's sportswear, including Izod sweaters (one of the best-selling men's sweater brands in the United States), knitwear (one of the best-selling basic knit shirt brand in the United States), slacks, fleecewear and microfiber jackets. These products are marketed in the moderate to upper moderate price range in major department store locations, including May Co., Federated, JC Penney, Saks, Inc. and Belk's.

The Company continues to upgrade its growing product line from the core of the pique knit shirt and has expanded its wholesale customer base significantly. The Company has expanded the Izod brand to include apparel appropriate for the fall and winter seasons, including long-sleeve knit shirts, fleecewear and microfiber jackets.

The Company's Izod outlet stores market Izod branded men's and women's active-inspired sportswear. Target customers are generally brand loyalists who expect quality and fashion at reasonable prices.

Izod Club branded golf apparel is marketed principally to golf pro shops and resorts across the United States in the better price range and is ranked as the number one golf brand in that channel of distribution. Products marketed in the Izod Club men's and women's collections include knit shirts, sweaters, bottoms, outerwear, windshirts, headwear and hosiery. Izod Club women's products have been sold since 1997 at Nordstrom stores and since 1998 at Dayton Hudson department stores. Izod Club has developed a professional golf tournament strategy, which was highlighted by its management of the merchandising efforts at the 1998 U.S. Open. In addition, four of the top women golf professionals on the LPGA tour wear Izod Club golf apparel, making the Izod Club brand highly visible on the golf course and on televised LPGA events.

The Company's Geoffrey Beene stores offer dress and sport shirts, neckwear, furnishings, outerwear, bottoms and sportswear. Through their product mix, the Geoffrey Beene stores seek to meet the full needs of men's wardrobes (excluding suits) from dress furnishings to sportswear. The merchandising strategy is focused on an upscale, fashion forward consumer who is prepared to purchase apparel in the upper moderate price range. Most Geoffrey Beene stores also offer a full line of women's casual apparel bearing the Geoffrey Beene name. The Company offers Geoffrey Beene products in its stores under a license agreement which expires in 2002 and is renewable, at the Company's option, through 2011.

Geoffrey Beene products are styled to be more fashion-forward than the Company's Van Heusen brand, and the Geoffrey Beene brand name recognition is more geographically focused, versus the broader based familiarity with the Van Heusen, Bass or Izod labels. In recognition of this, the Company has closed a significant number of its Geoffrey Beene retail outlets in parts of the country where brand recognition was not strong, which has resulted in a substantial improvement in store productivity and inventory turn and a significant increase in profitability.

Beginning in fiscal 1999, the Company plans to capitalize on the success of Geoffrey Beene dress shirts by introducing Geoffrey Beene sportswear into the men's classification departments of department stores.

The Company's extensive resources in both product development and sourcing have permitted it to market successfully private label sport shirts to major retailers, including Wal-Mart, Target and Sears. Private label golf apparel is marketed to traditional department and specialty stores, national retail chains and catalog merchants. The Company also markets private label shirts to companies in service industries, including major airlines and food chains. The Company believes it is one of the largest marketers of private label sport shirts in the United States.

Footwear and Related Products

The Company manufactures, procures for sale and markets a broad range of updated casual and dress casual shoes and related products for men, women and children under the Bass brand. The brand has a long history of highly recognizable and innovative products. Bass is the leading brand of men's, women's and children's casual shoes at the moderate price range in the United States.

With the continued trend to a more casual workplace, Bass is well-positioned to deliver appropriate fashion products. Traditional and classic footwear continues to be less important, while modern and updated styles take over as fashion right. The brand's updated casual and dress casual footwear assortments fit directly into this trend.

Bass' traditional wholesale customers are major department stores and specialty shoe stores throughout the United States, including Federated, May Co., Dillard's, Dayton Hudson, Belk's and Saks, Inc. Bass also markets its footwear internationally and sells limited amounts of footwear to retailers in Europe, Canada, South America, the Middle East, Africa and Asia. All footwear is designed in-house, regardless of source, to maintain tight control of the styling and quality offered by the brand.

The Company's Bass factory outlet retail stores typically carry an assortment of Bass shoes and accessories for men, women and children, in the moderate price range, as well as complementary products not sold to wholesale customers.

Competition

The apparel industry is highly competitive due to its fashion orientation, its mix of large and small producers, the flow of domestic and imported merchandise and the wide diversity of retailing methods. The Company's apparel wholesale divisions experience competition in branded, designer and private label products. Some of the larger dress shirt competitors include: Cluett American ('Arrow' brand); Salant Corporation ('Perry Ellis' brand); Smart Shirt (private label shirt division of Kellwood); Capital Mercury (private label shirts); and Oxford Industries (private label shirts). The increase in the Company's dress shirts' market share is, in part, attributable to the decrease in sales of the 'Arrow' brand of Cluett American. The Geoffrey Beene brand has increased its lead in sales over other dress shirt brands. Some of the larger sportswear competitors include: Warnaco ('Chaps' brand); Supreme International ('Natural Issue' brand); Ashworth ('Cutter and Buck' brand) and 'Arrow' sport shirts.

The shoe industry is characterized by fragmented competition. Consequently, retailers and consumers have a wide variety of choices regarding brands, style and price. However, over the years, Bass has maintained its important position in the traditional casual footwear market, and few of its competitors have the significant brand recognition of Bass. The Company's primary competitors include Dexter, Rockport, Eastland, Sperry and Sebago. The Company believes, however, that it manufactures a more extensive line of footwear for both genders and children and in a broader price range than any of its competitors.

Based on the variety of the apparel and footwear marketed by the Company, the various channels of distribution it has developed, its logistics and sourcing expertise, and the strength of the Company's brands, the Company believes it is particularly well-positioned to compete in the apparel and footwear industries.

Merchandise Design and Product Procurement

Each brand employs its own designers, product line builders and separate merchandise product development groups, creating a structure that focuses on the brand's special qualities and identity. These designers, product line builders and merchants consider consumer taste, fashion trends and the economic environment when creating a product plan for a particular season for their brand. Each brand also employs sourcing specialists who focus on the manufacturing and sourcing needs of the particular brand. In addition, the Company operates a world-wide network providing technical support and quality control to those sourcing specialists. The apparel and footwear merchandise manufactured by the Company, as well as the vast majority of its sourced products, are planned, designed and sourced through the efforts of its various merchandise/product development and sourcing groups.

The process from initial design to finished product varies greatly, but generally spans nine to 12 months prior to each selling season. Apparel and footwear product lines are developed primarily for two major selling seasons, spring and fall. However, certain Company product lines require more frequent introductions of new merchandise. Raw materials and production commitments are generally made four to 12 months prior to production and quantities are finalized at that time. In addition, sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made both to increase or reduce availability. The Company's substantial efforts in the area of quick response to sales trends (through the expanded use of EDI) enhance its inventory flexibility and reduce production overruns. EDI provides a computer link between the Company and its wholesale customers that enables both the customer and the Company to track sales, inventory and shipments.

A portion of the Company's dress shirts are manufactured in the Company's domestic apparel manufacturing facility in Alabama as well as in Costa Rica and Honduras. However, most of the Company's dress shirts and substantially all of its sportswear are sourced and manufactured to the Company's specifications by independent manufacturers in the Far East, Middle East and

Caribbean areas who meet its quality and cost requirements. Footwear is manufactured in the Company's factories located in Puerto Rico and the Dominican Republic, as well as by independent manufacturers which meet its quality and cost requirements, principally located in Brazil and the Far East.

The Company's foreign offices, located principally in Hong Kong, Taiwan, the Philippines, Singapore and throughout Central America, enable the Company to monitor the quality of the goods manufactured by, and the delivery performance of, its suppliers. The Company continually seeks additional suppliers throughout the world for its sourcing needs and places its orders in a manner designed to limit the risk that a disruption of production at any one facility could cause a serious inventory problem. The Company has not experienced significant production delays or difficulties in importing goods. The Company's purchases from its suppliers are effected through individual purchase orders specifying the price and quantity of the items to be produced. Generally, the Company does not have any long-term, formal arrangements with any of the suppliers which manufacture its products. The Company believes that it is the largest customer of many of its manufacturing suppliers and that its long-standing relationships with its suppliers provide the Company with a competitive advantage over its competitors. No single supplier is critical to the Company's production needs, and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement production capacity.

The Company purchases raw materials, including shirting fabric, buttons, thread, labels, yarn, piece goods and leather, from domestic and foreign sources based on quality, pricing and availability (including quotas and duties). The Company believes it is one of the largest procurers of shirting fabric worldwide and purchases the majority of its shirting fabric from overseas manufacturers, due, principally, to decreased domestic production. The Company monitors factors affecting textile production and imports and remains flexible in order to exploit advantages in obtaining materials from different suppliers and different geographic regions. Rawhide leather for Bass footwear is procured mainly from domestic suppliers. Bass monitors the leather market and makes purchases on the spot market or through blanket contracts with suppliers as price trends dictate. No single supplier of raw materials is critical to the Company's production needs and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement raw materials.

Advertising and Promotion

The Company has used national advertising to communicate the Company's marketing message since the 1920s. The Company advertises primarily in national print media, including fashion, entertainment/human interest, business, men's, women's and sports magazines. The Company continues its efforts in cooperative advertising, as it believes that brand awareness and in-store positioning are further supplemented by the Company's continuation of such a program.

In the Company's retail sector, the Company relies upon local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage (highway billboards, off-highway directional signs, on-site signage and on-site information centers), print advertising (brochures, newspapers and travel magazines), direct marketing (to tour bus companies and travel agents), radio and television, and special promotions.

Trademarks

The Company has the exclusive right to use the Izod name in most countries, the Van Heusen name in North, Central and South America as well as the Philippines, and the exclusive worldwide right to use the Bass name for footwear. The Company has registered or applied for registration of numerous other trademarks for use on a variety of items of apparel and footwear and related products and owns many foreign trademark registrations. It presently has pending a number of applications for additional trademark registrations.

The Company regards its trademarks and other proprietary rights as valuable assets and believes that they have significant value in the marketing of its products.

Licensing

The Company has various agreements under which it licenses the use of its brand names. The Company licenses the Van Heusen name for apparel products in Canada and in most of the South and Central American countries. In the United States, the Company currently licenses the use of the Van Heusen name for various products that it does not manufacture or source, including boy's apparel, sleepwear, eyeglasses, neckwear and other accessories and is exploring the possibility of licensing the name for use on other products. The Company licenses the use of the Izod name for infants, toddlers and children's clothing, 'big and tall' apparel and men's headwear and sleepwear in the United States, and for men's and women's sportswear in Canada.

The Company plans to continue expanding its worldwide marketing efforts, utilizing licenses and other techniques for all its brands, especially under the Izod and Izod Club trademarks. A substantial portion of sales by its domestic licensing partners are made to the Company's largest customers. While the Company has significant control over its licensing partners' products and advertising, it relies on its licensing partners for, among other things, operational and financial control over their businesses. In addition, failure by the Company to maintain its existing licensing alliances could adversely affect the Company's financial condition and results of operations. Although the Company believes in most circumstances it could replace existing licensing partners if necessary, its inability to do so for any period of time could adversely affect the Company's revenues both directly from reduced licensing revenue received and indirectly from reduced sales of the Company's other products. To the extent the equity and awareness of each of the Company's brands grows, the Company expects to gain even greater opportunities to build on its licensing efforts.

Tariffs and Import Restrictions

A substantial portion of the Company's products is manufactured by contractors located outside the United States. These products are imported and are subject to United States Customs laws, which impose tariffs as well as import quota restrictions established by the United States government. However, a significant portion of the Company's apparel products is imported from its Caribbean Basin manufacturing facilities and is therefore eligible for certain duty-advantaged programs commonly known as '9802 Programs' and NAFTA benefits for imports from Mexico. While importation of goods from certain countries from which the Company obtains goods may be subject to embargo by United States Customs authorities if shipments exceed quota limits, the Company closely monitors import quotas and can, in most cases, shift production to contractors located in countries with available quotas. The existence of import quotas has, therefore, not had a material adverse effect on the Company's business.

Employees

As of January 31, 1999, the Company employed approximately 7,550 persons on a full-time basis and approximately 3,500 persons on a part-time basis. Approximately 4% of the Company's 11,050 employees are represented for the purpose of collective bargaining by three different unions. Additional persons, some represented by these three unions, are employed from time to time based upon the Company's manufacturing schedules and retailing seasonal needs. The Company believes that its relations with its employees are satisfactory.

Item 2. Properties

The Company maintains its principal executive offices at 200 Madison Avenue, New York, New York, occupying approximately 132,000 square feet under a lease which expires on May 31, 2014. The Company also maintains administrative offices in Bridgewater, New Jersey, where the Company occupies a building of approximately 153,000 square feet under a lease which expires on July 30, 2007 and in Portland, Maine, where the Company occupies a building of approximately 99,000 square feet under a lease which expires on October 1, 2008. The following tables summarize the manufacturing facilities, warehouses and distribution centers, administrative offices and retail stores of the Company:

Apparel

	Square Feet of Floor Space (000's)		
	Owned	Leased	Total
Manufacturing Facilities	57	124	181
Warehouses and Distribution Centers	1,769	123	1,892
Administrative	16	333	349
Retail Stores	6	1,678	1,684
	1,848	2,258	4,106

Footwear and Related Products

	Owned	Leased	Total
Manufacturing Facilities	0	145	145
Warehouses and Distribution Centers	179	57	236
Administrative	20	123	143
Retail Stores	8	1,371	1,379
	207	1,696	1,903

Information with respect to minimum annual rental commitments under leases in which the Company is a lessee is included in the note entitled "Leases" in the Notes to Consolidated Financial Statements included in Item 8 of this report.

Item 3. Legal Proceedings

The Company is a party to certain litigation which, in the Company's judgment based in part on the opinion of legal counsel, will not have a material adverse effect on the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Stock and Related Security Holder Matters

Certain information with respect to the market for the Company's common stock, which is listed on the New York Stock Exchange, and related security holder matters appears under the heading "Selected Quarterly Financial Data" on page F-18 and under the heading "Ten Year Financial Summary" on pages F-20 and F-21. As of April 1, 1999, there were 1,448 stockholders of record of the Company's common stock.

Item 6. Selected Financial Data

Selected Financial Data appears under the heading "Ten Year Financial Summary" on pages F-20 and F-21.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Adjusted Statements of Operations

(In thousands)	1998	1997	1996
Net Sales	$1,303,085	$1,350,007	$1,359,593
Cost of goods sold	856,160	891,965	910,517
Gross profit before non-recurring charges	446,925	458,042	449,076
SG&A expenses before Y2K costs and non-recurring charges	394,940	412,495	401,338
Income before interest, taxes, Y2K costs and non-recurring charges	51,985	45,547	47,738
Interest expense, net	26,112	20,672	23,164
Income before taxes, Y2K costs and non-recurring charges	25,873	24,875	24,574
Income tax expense	6,696	5,954	6,044
Income from ongoing operations before Y2K costs and non-recurring charges	19,177	18,921	18,530
Y2K costs, net of tax benefit	(6,290)		
Extraordinary loss on debt retirement, net of tax benefit	(1,060)		
Non-recurring charges, net of tax benefit		(85,500)	
Net income (loss)	$ 11,827	$ (66,579)	$ 18,530

Adjusted Segment Data

(In thousands)	1998	1997	1996
Net sales-Apparel	$ 896,863	$ 911,047	$ 897,370
Net sales-Footwear and Related Products	406,222	438,960	462,223
Total net sales	$1,303,085	$1,350,007	$1,359,593
Operating income-Apparel	$ 50,302	$ 45,416	$ 30,021
Operating income-Footwear and Related Products	17,183	15,382	32,888
Total operating income	$ 67,485	$ 60,798	$ 62,909
Corporate expenses	(15,500)	(15,251)	(15,171)
Income-before interest, taxes, Y2K costs and non-recurring charges	$ 51,985	$ 45,547	$ 47,738

The foregoing adjusted statements of operations and segment data segregate Year 2000 computer conversion costs (Y2K costs) and non-recurring charges from the Company's ongoing operations.

The results of operations in 1998 include pre-tax Y2K costs of $8.5 million. The results of operations in 1997 include pre-tax non-recurring charges of $132.7 million, relating principally to a series of actions the Company has taken to accelerate the execution of its ongoing strategy to build its brands. Such costs and charges have been shown as separate components of selling, general and administrative expenses in the respective consolidated financial statements, except for $46.0 million of non-recurring charges related to inventory markdowns that was included in cost of goods sold.

The review which follows discusses PVH's results of operations before such costs and charges.

Fiscal 1998 was very much a year of contrasts. We accomplished a great deal toward our strategic goal of maximizing the value of our brands. However, overall financial results were disappointing as our earnings were relatively flat and we did not reach our current year financial goal of 15% earnings growth.

On the plus side:

- Bass footwear recovered from its unsuccessful brand repositioning efforts in 1997. Our Footwear and Related Products segment, in the early stages of its financial turnaround, increased its operating income 12% over the prior year. A major cost reduction program has been implemented allowing Bass to return to its heritage positioning at moderate price points. And its new lines for Spring and Fall, 1999 have been met with considerable enthusiasm from its wholesale customers.

- Our Apparel segment recorded an 11% operating income improvement over the prior year, led by the performance of our Dress Shirt group. Van Heusen and Geoffrey Beene again increased their share of the department store dress shirt market-to a combined 30% in 1998 compared with 26% in 1997 and 21% in 1996. In addition, our very successful introduction of DKNY dress shirts, under a new license agreement with Donna Karan, adds a younger, more contemporary component to our Dress Shirt group.

- The recently completed sale of the Gant brand to Pyramid Sportswear both strengthens our financial position and optimizes our mix of sportswear brands. It allows us to focus on our moderate to upper-moderate sportswear brands-Van Heusen, Izod and Geoffrey Beene. We believe we can achieve the same success in sportswear on the main floor of department stores that we have realized in our dress shirt business. In addition, our 19% ownership in Pyramid gives us an ongoing participation in the highly successful international operations of Gant.

- The refinancing of our balance sheet early in 1998, together with our $100 million Debentures due 2023 provide a solid and secure financial base which will allow us to focus our full attention on the execution of our strategic business plan. However, the higher interest costs associated with this refinancing partially offset the 14% increase in operating earnings achieved this year.

Operating earnings in 1998 were negatively impacted by a Fall season which began slowly and never fully recovered. The much-publicized unseasonably warm weather was a key factor in the slow start of Fall. This, in turn, cut short Fall's full price selling season and forced significant amounts of promotional selling in the fourth quarter. This not only slowed retail sales, particularly in the sportswear area, but also increased considerably the cost of gross margin support to our wholesale customers.

Still, we have managed our inventory well and are entering Spring 1999 with clean inventory positions. Most importantly we believe we can build on the successes we did have in 1998. The financial disappointments of the past Fall season will not impede our plans for rebuilding our business, including improved financial performance in 1999.

Results of Operations

PVH manages and analyzes its operating results by two vertically integrated business segments: (i) Apparel and (ii) Footwear and Related Products.

Apparel

Net sales of the Apparel segment were $896.9 million in 1998 compared with $911.0 million in 1997 and $897.4 million in 1996. The current year sales decline resulted principally from our planned strategic initiatives to close underperforming retail outlet stores and to divest our private label sweater manufacturing business. At the same time, PVH's sales of wholesale branded products increased 9% and 24% in 1998 and 1997, respectively, to $421.7 million in 1998 from $387.2 million in 1997 and $311.9 million in 1996. The major areas of growth in both 1998 and 1997 were Van Heusen, Geoffrey Beene and Izod.

Gross margin increased to 33.3% in 1998 from 32.9% in 1997 and 31.3% in 1996. The margin improvement was driven by our Dress Shirt business, which benefited significantly from its manufacturing reconfiguration enabling it to reduce product costs through our worldwide sourcing network. Offsetting a substantial portion of this benefit was weaker sportswear gross margins particularly at Gant and Izod. A weak Fall season driven initially by unseasonably warm weather resulted in slow sales and increased promotions at department stores, thereby significantly increasing the cost of markdown allowances to our wholesale customers.

Selling, general and administrative expenses as a percentage of sales were down slightly in 1998 to 27.7% compared with 27.9% in 1997 and 1996. The current year decline relates to a decrease in 1998 advertising spending compared with 1997 levels.

Operating income increased 10.8% in 1998 to $50.3 million compared with $45.4 million in 1997 and $30.0 million in 1996 primarily resulting from the performance of our Dress Shirt group. Our dress shirt leadership position with the Van Heusen and Geoffrey Beene brands was further enhanced with the very successful launch of DKNY dress shirts. In early 1999 we entered into an agreement to license dress shirts for the John Henry and Manhattan brands, which enables us to further leverage our dress shirt strengths and expertise.

Footwear and Related Products

Net sales of the Footwear and Related Products segment declined 7.5% to $406.2 million in 1998 compared with $439.0 million in 1997 which was down 5% from $462.2 million in 1996. The closing of underperforming retail outlet stores was a factor in the Bass sales reduction in 1998 and 1997. However, the larger negative factor was the disappointing results of our attempt to reposition the Bass brand to higher price points in the second half of 1997. This higher priced positioning did not meet with consumer support and resulted in a significant inventory build-up, which carried into the second quarter of 1998. This situation negatively impacted both 1998 and 1997 sales and operating income.

While Bass is in the early stages of a financial turnaround, operating income increased 11.7% to $17.2 million in 1998 from $15.4 million in 1997, albeit a substantial reduction from $32.9 million in 1996. The sales problem described above resulted in a significant reduction in Bass' 1998 and 1997 gross profit contribution dollars compared with 1996 gross profit levels and substantially lowered operating income in both years. We addressed this issue aggressively by completely changing line management responsible for the Bass business, closing our U.S. mainland manufacturing facility and redirecting the sourcing of Bass product. We have lowered our costs considerably, enabling

Bass to be positioned at moderate price points, which we believe should enable Bass to return to its historically high level of profitability. The Bass price positioning misstep negatively impacted both 1997 and 1998 operating income; however it is behind us as we begin 1999.

Gross margin was 36.1% in 1998 compared with 36.0% in 1997 and 36.3% in 1996. Gross margins were negatively impacted by higher inventory liquidation markdowns in 1998 and 1997. Selling, general and administrative expenses as a percentage of sales were 31.9% in 1998 down slightly compared with 32.5% in 1997 due to a decrease in 1998 advertising spending. Selling, general and administrative expenses as a percentage of sales in 1996 was 29.2%. The increase in 1997 was caused principally by higher advertising, design and selling costs to support product presentation.

Corporate Expenses

Corporate expenses were $15.5 million in 1998 compared with $15.3 million in 1997 and $15.2 million in 1996.

Interest Expense

Interest expense was $26.1 million in 1998 compared with $20.7 million and $23.2 million in 1997 and 1996, respectively. The increase in 1998 reflects the impact of funding the Company's 1997 restructuring initiatives as well as the refinancings completed in the first quarter of 1998 which, while extending maturities, also increased overall borrowing costs. A strong cash flow in 1996 resulted in lower debt levels during 1997, thereby reducing interest expense in 1997.

Non-Recurring Charges

PVH recorded pre-tax non-recurring charges in 1997 of $132.7 million ($85.5 million after tax) relating principally to exiting the sweater manufacturing business and U.S. mainland footwear manufacturing, consolidating and contracting plant and warehouse and distribution facilities, closing underperforming retail outlet stores, and modifying a repositioning of Bass.

Year 2000

The Year 2000 (Y2K) issue is the result of computer programs using two digits rather than four to define the applicable year. Such computer systems will be unable to interpret dates beyond the year 1999, which could cause a system failure or other computer errors, leading to disruptions in operations. PVH has initiated a comprehensive Y2K Project to address this issue and is utilizing both internal and external resources to complete it.

The Company completed an assessment of Y2K requirements for the systems supported by its Information Technology Department which included contacting its software suppliers. The impacted systems, including those that are part of the Company's data processing infrastructure, are now Y2K compliant as a result of modification or replacement. The systems have been tested and are in use. They have been fully implemented in all areas, except the Company still needs to implement certain Y2K compliant retail systems for a number of its retail outlet stores. In addition, the Company is addressing the Y2K issue as it relates to its end user computing area. These are expected to be compliant by June 30, 1999.

The Company has communicated with suppliers, equipment vendors, service providers and customers to determine the extent to which it is vulnerable to the failure of these parties to remedy any Y2K issues. Most of these parties have stated that they intend to be Y2K compliant by 2000. In conjunction with this, the Company has developed contingency plans for its major suppliers and merchandise carriers, where feasible, to mitigate Y2K risks. The Company's electronic commerce systems, used by many of its major customers, are Y2K compliant and are being installed in accordance with each customer's schedule.

The total cost of the Y2K Project is estimated to be $22 million and is being funded through operating cash flows. Of the total Project cost,

approximately $3 million is attributable to the purchase of new software, which will be capitalized, with the remaining cost expensed as incurred.

PVH presently believes that the Y2K issue will not pose significant operational problems for its computer systems. However, no assurance can be given that this issue, as it relates to PVH's internal systems or those of other companies on which it relies, will not have a material adverse impact on PVH's operations.

Liquidity and Capital Resources

The following table shows key cash flow elements over the last three years:

(In thousands)	1998	1997	1996
Operating Activities			
Income from operations before non-recurring charges and Y2K costs, adjusted for non-cash items	$ 47,463	$ 41,205	$ 51,273
Change in working capital	21,116	(15,099)	50,746
Cash flow before non-recurring charges	68,579	26,106	102,019
Non-recurring charges -- cash impact	(34,100)	(34,100)	
Y2K costs	(8,500)		
	25,979	(7,994)	102,019
Investment Activities			
Capital spending	(38,213)	(17,923)	(22,578)
Financing Activities			
Cash dividends	(4,082)	(4,065)	(4,050)
Exercise of stock options	838	791	386
Refinancing costs	(5,132)		
	(8,376)	(3,274)	(3,664)
Increase (decrease) in cash before net change in debt	$ (20,610)	$ (29,191)	$ 75,777

Cash flow before non-recurring charges and Y2K costs, as noted in the table above was positive in each of the past three years. The cash outflow of $34.1 million in 1998 and 1997 relates to the 1997 restructuring initiatives described above. At year-end 1998, the Company had, as a result of these charges, tax loss and credit carryforwards of $44.2 million-which may be utilized to offset some $113 million of future U.S. pre-tax income.

Capital spending in 1998 was $38.2 million compared with $17.9 million in 1997 and $22.6 million in 1996. The higher level of 1998 spending reflects the expenditure of $20.7 million related to the consolidation of all New York office space into a single location. Our new headquarters, at 200 Madison Avenue, provides the Company with more square footage at an annual occupancy cost savings of $500,000 or a 10% reduction compared with 1998 New York occupancy costs. Capital expenditures for 1999 are anticipated at about $30 million.

On April 22, 1998 we issued $150 million of 9.5% Senior Subordinated Notes due May 1, 2008, and used the proceeds to eliminate our intermediate term senior notes and reduce our revolving credit debt and eliminate any debt amortization over the next 10 years. At the same time, we re-syndicated our revolving credit facility, which was scheduled to mature in early 1999, with a new $325 million senior secured credit facility with a group of 12 banks. These refinancings, while increasing our cost of debt capital, provide a secure financial base and allow us to focus our attention on the execution of our strategic business plan.

Total debt as a percentage of total capital was 54.0% at year-end 1998 compared with 53.0% and 43.1% at year-end 1997 and 1996, respectively.

On February 26, 1999 we completed the sale of Gant to Pyramid Sportswear, the brand's international licensee. Sale proceeds net of employee severance and liquidation costs, should approximate $65 million and will initially be used to reduce debt. The combination of our strengthened capital structure together with the added liquidity provided by this sale positions us to take advantage of any investment opportunities which may arise.

Market Risk

The Company's debt at January 31, 1999 includes both variable rate short-term debt and fixed rate long-term debt. Based on the amount of variable rate short-term debt outstanding at January 31, 1999 and the average net amount of such debt which the Company anticipates to be outstanding during 1999, the Company believes that a change of 100 basis points in interest rates would not have a material effect on the Company's financial position. The long-term debt footnote to the Company's consolidated financial statements 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 the Company's fixed rate long-term debt.

Seasonality

PVH'S business is seasonal, with higher sales and income during its third and fourth quarters, which coincide with the Company's two peak retail selling seasons: the first running from the start of the back to school and Fall selling seasons beginning in August and continuing through September, and the second being the Christmas selling season beginning with the weekend following Thanksgiving and continuing through the week after Christmas.

Also contributing to the strength of the third quarter is the high volume of Fall shipments to wholesale customers which are generally more profitable than Spring shipments. The slower Spring selling season at wholesale combines with retail seasonality to make the first quarter particularly weak.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

Forward-looking statements in this Annual Report to Stockholders, including, without limitation, statements relating to PVH's 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) PVH's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the levels of sales of PVH's apparel and footwear products, both to its wholesale customers and in its retail stores, and the extent of discounts and promotional pricing in which the Company is required to engage; (iii) PVH's plans and results of operations will be affected by the Company's ability to manage its growth and inventory; (iv) the timing and effectiveness of programs dealing with the Year 2000 issue; and (v) other risks and uncertainties indicated from time to time in PVH's filings with the Securities and Exchange Commission.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information with respect to Quantitative and Qualitative Disclosures About Market Risk appears under the heading "Market Risk" in Item 7.

Item 8. Financial Statements and Supplementary Data

See page F-1 for a listing of the consolidated financial statements and supplementary data included in this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Executive Officers of the Registrant

The following table sets forth certain information concerning the Company's Executive Officers:

Name	Position	Age
Bruce J. Klatsky	Chairman and Chief Executive Officer; Director	50
Mark Weber	President and Chief Operating Officer; Director	50
Emanuel Chirico	Executive Vice President and Chief Financial Officer	41
Irwin W. Winter	Executive Vice President; Director	65
Allen E. Sirkin	Vice Chairman	56
Michael J. Blitzer	Vice Chairman	49

Mr. Bruce J. Klatsky has been employed by the Company in various capacities over the last 27 years, and was President of the Company from 1987 to 1998. Mr. Klatsky has served as a director of the Company since 1985 and was named Chief Executive Officer in 1993 and Chairman of the Board of Directors in 1994.

Mr. Mark Weber has been employed by the Company in various capacities over the last 27 years, had been a Vice President of the Company since 1988, was Vice Chairman of the Company since 1995 and was named President and Chief Operating Officer in 1998.

Mr. Emanuel Chirico has been employed by the Company as Vice President and Controller since 1993. Mr. Chirico was named Executive Vice President and Chief Financial Officer in 1998.

Mr. Irwin W. Winter joined the Company in 1987 as Vice President, Finance and Chief Financial Officer. Mr. Winter was named Executive Vice President in 1995. He is retiring from the Company effective April 30, 1999.

Mr. Allen E. Sirkin has been employed by the Company since 1985. He served as Chairman of the Company's Apparel Group since 1990 and was named Vice Chairman of the Company in 1995.

Mr. Michael J. Blitzer has been employed by the Company in various capacities over the last 19 years. Mr. Blitzer was named Vice Chairman of the Company in 1998.

Additional information required by Item 10 is incorporated herein by reference to the section entitled "Election of Directors" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1999.

Item 11. Executive Compensation

Information with respect to Executive Compensation is incorporated herein by reference to the sections entitled "Executive Compensation", "Compensation Committee Report on Executive Compensation" and "Performance Graph" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1999.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to the Security Ownership of Certain Beneficial Owners and Management is incorporated herein by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1999.

Item 13. Certain Relationships and Related Transactions

Information with respect to Certain Relationships and Related Transactions is incorporated herein by reference to the sections entitled "Election of Directors" and "Compensation of Directors" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1999.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) See page F-1 for a listing of the consolidated financial statements included in Item 8 of this report.

(a)(2) See page F-1 for a listing of financial statement schedules submitted as part of this report.

(a)(3) The following exhibits are included in this report:

Exhibit Number	
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 as filed 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 Report on Form 10-Q for the period ended July 28, 1996).
3.7	By-Laws of Phillips-Van Heusen Corporation, as amended through June 18, 1996 (incorporated by reference to Exhibit 3.2 to the Company's Report on Form 10-Q for the period ended July 28, 1996).
4.1	Specimen of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1981).
4.2	Preferred Stock Purchase Rights Agreement (the "Rights Agreement"), dated June 10, 1986 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).
4.3	Amendment to the Rights Agreement, dated March 31, 1987 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 4(c) to the Company's Annual Report on Form 10-K for the year ended February 2, 1987).
4.4	Supplemental Rights Agreement and Second Amendment to the Rights Agreement, dated as of July 30, 1987, between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit (c)(4) to the Company's Schedule 13E-4, Issuer Tender Offer Statement, dated July 31, 1987).

4.5 Notice of extension of the Rights Agreement, dated June 5, 1996, from Phillips-Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.13 to the Company's report on Form 10-Q for the period ended April 28, 1996).

4.6 Credit Agreement, dated as of April 22, 1998, among PVH, the group of lenders party hereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent (incorporated by reference to Exhibit 4.6 to the Company's report on Form 10-Q for the period ended May 3, 1998).

4.7 Amendment No. 1, dated as of November 17, 1998, to the Credit Agreement, dated as of April 22, 1998, among PVH, the group of lenders party hereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent.

4.8 Consent, Waiver and Amendment No. 2, dated as of February 23, 1999, to the Credit Agreement, dated as of April 22, 1998, among PVH, the group of lenders party hereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent.

4.9 Indenture, dated as of April 22, 1998, with PVH as issuer and Union Bank of California, N.A., as Trustee (incorporated by reference to Exhibit 4.7 to the Company's report on Form 10-Q for the period ended May 3, 1998).

4.10 Indenture, dated as of November 1, 1993, between PVH and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (Reg. No. 33-50751) filed on October 26, 1993).

*10.1 1987 Stock Option Plan, including all amendments through April 29, 1997 (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the period ended May 4, 1997).

*10.2 Phillips-Van Heusen Corporation Special Severance Benefit Plan, as amended as of April 16, 1996 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).

*10.3 Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to the Company's Report on Form 8-K filed on January 16, 1987).

*10.4 Phillips-Van Heusen Corporation Amendment to Capital Accumulation Plan (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 1987).

*10.5 Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10(1) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).

*10.6 Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10.8 to the Company's report on Form 10-Q for the period ending October 29, 1995).

*10.7 Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to Bruce J. Klatsky (incorporated by reference to Exhibit 10.13 to the Company's report on Form 10-Q for the period ended May 4, 1997).

*10.8 Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan, dated January 1, 1991, as amended and restated on June 2, 1992 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993).

*10.9 Phillips-Van Heusen Corporation Supplemental Savings Plan, effective as of January 1, 1991 and amended and restated as of April 29, 1997 (incorporated by reference to Exhibit 10.10 to the Company's report on Form 10-Q for the period ended May 4, 1997).

*10.10 Non-Incentive Stock Option Agreement, dated as of December 3, 1993, between the Company and Bruce J. Klatsky (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).

*10.11 Phillips-Van Heusen Corporation 1997 Stock Option Plan, effective as of April 29, 1997 (incorporated by reference to Exhibit 10.14 to the Company's report on Form 10-Q for the period ending August 3, 1997).

*10.12 Phillips-Van Heusen Corporation Senior Management Bonus Program for fiscal year 1998 (incorporated by reference to Exhibit 10.15 to the Company's report on Form 10-Q for the period ending August 2, 1998).

21. Subsidiaries of the Company.

23. Consent of Independent Auditors.

27. Financial Data Schedule

(b) Reports filed on Form 8-K filed during the fourth quarter of 1998:

None

(c) Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.

(d) Financial Statement Schedules: See page F-1 for a listing of the financial statement schedules submitted as part of this report.

(e) The Company agrees to furnish to the Commission upon request a copy of each agreement with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total consolidated assets of the Company.

* Management contract or compensatory plan or arrangement required to be identified pursuant to Item 14(a) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: Bruce J. Klatsky
Bruce J. Klatsky
Chairman, Chief Executive Officer and Director

Date: April 21, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Bruce J. Klatsky Bruce J. Klatsky	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	April 21, 1999
Mark Weber Mark Weber	President, Chief Operating Officer and Director	April 12, 1999
Irwin W. Winter Irwin W. Winter	Executive Vice President and Director	April 12, 1999
Emanuel Chirico Emanuel Chirico	Executive Vice President and Chief Financial Officer	April 21, 1999
Vincent A. Russo Vincent A. Russo	Vice President and Controller (Principal Accounting Officer)	April 12, 1999
Edward H. Cohen Edward H. Cohen	Director	April 12, 1999
Joseph B. Fuller Joseph B. Fuller	Director	April 21, 1999
Joel H. Goldberg Joel H. Goldberg	Director	April 13, 1999
Marc Grosman Marc Grosman	Director	April 13, 1999
Dennis F. Hightower Dennis F. Hightower	Director	April 13, 1999
Maria Elena Lagomasino Maria Elena Lagomasino	Director	April 13, 1999
Harry N.S. Lee Harry N.S. Lee	Director	April 13, 1999
Bruce Maggin Bruce Maggin	Director	April 13, 1999
Slyvia M. Rhone Slyvia M. Rhone	Director	April 21, 1999
Peter J. Solomon Peter J. Solomon	Director	April 12, 1999

FORM 10-K-ITEM 14(a)(1) and 14(a)(2)

PHILLIPS-VAN HEUSEN CORPORATION

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

14(a)(1) The following consolidated financial statements and supplementary data are included in Item 8 of this report:

14(a)(2) The following consolidated financial statement schedule is included herein:

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	1998	1997	1996
Net sales	$1,303,085	$1,350,007	$1,359,593
Cost of goods sold.	856,160	937,965	910,517
Gross profit.	446,925	412,042	449,076
Selling, general and administrative expenses.	394,940	412,495	401,338
Year 2000 computer conversion expenses.	8,500		
Facility and store closing, restructuring and other expenses.		86,700	
Income (loss) before interest, taxes and extraordinary item	43,485	(87,153)	47,738
Interest expense, net	26,112	20,672	23,164
Income (loss) before taxes and extraordinary item	17,373	(107,825)	24,574
Income tax expense (benefit).	4,486	(41,246)	6,044
Income (loss) before extraordinary item	12,887	(66,579)	18,530
Extraordinary loss on debt retirement, net of tax benefit	(1,060)		
Net income (loss)	$ 11,827	$ (66,579)	$ 18,530
Basic income (loss) per share:			
Income (loss) before extraordinary item	$ 0.47	$ (2.46)	$ 0.69
Extraordinary loss on debt retirement, net of tax benefit	(0.04)		
Net income (loss)	$ 0.43	$ (2.46)	$ 0.69
Diluted income (loss) per share:			
Income (loss) before extraordinary item	$ 0.47	$ (2.46)	$ 0.68
Extraordinary loss on debt retirement, net of tax benefit	(0.04)		
Net income (loss)	$ 0.43	$ (2.46)	$ 0.68

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	January 31, 1999	February 1, 1998
ASSETS		
Current Assets:		
Cash, including cash equivalents of $4,399 and $1,413	$ 10,957	$ 11,748
Trade receivables, less allowances of $1,367 and $2,911	88,038	88,656
Inventories	232,695	249,534
Other, including deferred taxes of $10,611 and $19,031	36,327	35,080
Total Current Assets	368,017	385,018
Property, Plant and Equipment	108,846	94,582
Goodwill	113,344	116,467
Other Assets, including deferred taxes of $52,167 and $44,094	84,106	64,392
	$674,313	$660,459
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 20,000	$ 7,900
Accounts payable	44,851	36,233
Accrued expenses	67,835	89,202
Total Current Liabilities	132,686	133,335
Long-Term Debt	248,723	241,004
Other Liabilities	64,016	65,815
Stockholders' Equity:		
Preferred stock, par value $100 per share; 150,000 shares authorized; no shares outstanding		
Common stock, par value $1 per share; 100,000,000 shares authorized; shares issued 27,287,985 and 27,179,244	27,288	27,179
Additional capital	117,683	116,954
Retained earnings	83,917	76,172
Total Stockholders' Equity	228,888	220,305
	$674,313	$660,459

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	1998	1997	1996
Operating activities:			
Income (loss) before extraordinary item	$ 12,887	$(66,579)	$ 18,530
Adjustments to reconcile to net cash provided (used) by operating activities:			
Depreciation and amortization	25,442	25,300	29,438
Write-off of property, plant and equipment		40,800	
Deferred income taxes	3,996	(43,024)	4,205
Equity income	(1,152)	(792)	(900)
Changes in operating assets and liabilities:			
Receivables	(9,282)	3,150	18,060
Income tax refund receivable			16,987
Inventories	16,839	(12,112)	39,351
Accounts payable and accrued expenses	(13,819)	28,905	(18,774)
Other-net	(8,932)	16,358	(4,878)
Net Cash Provided (Used) By Operating Activities	25,979	(7,994)	102,019
Investing activities:			
Property, plant and equipment acquired	(38,213)	(17,923)	(22,578)
Financing activities:			
Net proceeds from issuance of 9.5% senior subordinated notes	145,104		
Repayment of 7.75% senior notes	(49,286)		
Extraordinary loss on debt retirement	(1,631)		
Proceeds from revolving line of credit	160,600	123,000	52,582
Payments on revolving line of credit	(240,100)	(93,651)	(134,302)
Exercise of stock options	838	791	386
Cash dividends	(4,082)	(4,065)	(4,050)
Net Cash Provided (Used) By Financing Activities	11,443	26,075	(85,384)
Increase (decrease) in cash	(791)	158	(5,943)
Cash at beginning of period	11,748	11,590	17,533
Cash at end of period	$ 10,957	$ 11,748	$ 11,590

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock				
	Shares	$1 par Value	Additional Capital	Retained Earnings	Stockholders' Equity
January 28, 1996.	26,979,352	$26,979	$115,977	$132,336	$275,292
Stock options exercised	66,353	67	319		386
Net income.				18,530	18,530
Cash dividends.				(4,050)	(4,050)
February 2, 1997.	27,045,705	27,046	116,296	146,816	290,158
Stock options exercised	133,539	133	658		791
Net loss.				(66,579)	(66,579)
Cash dividends.				(4,065)	(4,065)
February 1, 1998.	27,179,244	27,179	116,954	76,172	220,305
Stock options exercised	108,741	109	729		838
Net income.				11,827	11,827
Cash dividends.				(4,082)	(4,082)
January 31, 1999.	27,287,985	$27,288	$117,683	$ 83,917	$228,888

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of PVH and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

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

Fiscal Year - Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. Accordingly, results for fiscal years 1998 and 1997 represent the 52 weeks ended January 31, 1999 and February 1, 1998, respectively. Fiscal year 1996 represents the 53 weeks ended February 2, 1997.

Cash and Cash Equivalents - PVH considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Asset Impairments - PVH records impairment losses on long-lived assets (including goodwill) used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the related assets are less than the carrying amounts of those assets.

Inventories - Inventories are stated at the lower of cost or market. Cost for certain apparel inventories of $91,414 (1998) and $90,999 (1997) is determined using the last-in, first-out method (LIFO). Cost for footwear and certain sportswear inventories is determined using the first-in, first-out method (FIFO).

Property, Plant and Equipment - Depreciation is computed principally by the straight line method over the estimated useful lives of the various classes of property.

Goodwill - Goodwill, net of accumulated amortization of $14,481 and $11,358 in 1998 and 1997, respectively, is amortized principally using the straight line method over 40 years.

Contributions from Landlords - PVH receives contributions from landlords primarily for fixturing retail stores which the Company leases. Such amounts are amortized as a reduction of rent expense over the life of the related lease.

Fair Value of Financial Instruments - Using discounted cash flow analyses, PVH estimates that the fair value of all financial instruments approximates their carrying value, except as noted in the footnote entitled "Long-Term Debt".

Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation - PVH accounts for its stock options under the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure requirements of FASB Statement No. 123, "Accounting for Stock-Based Compensation".

Advertising - Advertising costs are expensed as incurred and totalled $28,239 (1998), $37,762 (1997) and $19,427 (1996).

Earnings Per Share

PVH computed its basic and diluted earnings per share by dividing net income or loss by:

	1998	1997	1996
Weighted Average Common Shares Outstanding for Basic Earnings Per Share	27,217,634	27,107,633	27,004,115
Impact of Dilutive Employee Stock Options	94,903		209,462
Total Shares for Diluted Earnings Per Share	27,312,537	27,107,633	27,213,577

Income Taxes

Income taxes consist of:

	1998	1997	1996
Federal:			
Current		$ 336	$ 314
Deferred.	$2,867	(43,630)	3,025
State, foreign and local:			
Current	1,061	1,442	1,525
Deferred.	558	606	1,180
	$4,486	$(41,246)	$ 6,044

The deferred tax provision recorded in 1998 excludes $571 of tax benefit related to the extraordinary loss on debt retirement.

Taxes paid were $2,197 (1998), $1,155 (1997) and $1,262 (1996). In addition, PVH received an income tax refund of $16,987 in 1996.

Income Taxes (Continued)

The approximate tax effect of items giving rise to the deferred income tax asset recognized in the Company's balance sheets is as follows:

	1998	1997
Depreciation	$(12,163)	$(18,427)
Landlord contributions	3,772	5,030
Facility and store closing, restructuring and other expenses	6,428	27,295
Employee compensation and benefits	10,807	10,302
Tax loss and credit carryforwards	44,200	31,179
Other-net	9,734	7,746
	$ 62,778	$ 63,125

A reconciliation of the statutory Federal income tax to the income tax expense (benefit) is as follows:

	1998	1997	1996
Statutory 35% federal tax	$ 6,081	$(37,739)	$ 8,601
State, foreign and local income taxes, net of Federal income tax benefit	942	805	1,463
Income of Puerto Rico Subsidiaries	(3,303)	(3,258)	(3,757)
Other-net	766	(1,054)	(263)
Income tax expense (benefit)	$ 4,486	$(41,246)	$ 6,044

Inventories

Inventories are summarized as follows:

	1998	1997
Raw materials	$ 8,529	$ 15,964
Work in process	12,834	15,216
Finished goods	211,332	218,354
	$232,695	$249,534

Inventories would have been approximately $8,400 and $12,000 higher than reported at January 31, 1999 and February 1, 1998, respectively, if the FIFO method of inventory accounting had been used for all apparel. During 1998, certain inventories were reduced, resulting in the liquidation of LIFO inventory layers. The effect of these inventory liquidations was to increase net income by $2,000 in 1998.

Property, Plant and Equipment

Property, plant and equipment, at cost, are summarized as follows:

	Estimated Useful Lives	1998	1997
Land.		$ 1,495	$ 1,646
Buildings and building improvements	15-40 years	11,745	24,932
Machinery and equipment, furniture and fixtures and leasehold improvements.	5-15 years	224,479	187,671
		237,719	214,249
Less: Accumulated depreciation and amortization		128,873	119,667
		$108,846	$ 94,582

Long-Term Debt

Long-term debt, exclusive of current portion, is as follows:

	1998	1997
Revolving Credit Facility		$ 91,600
9.5% Senior Subordinated Notes.	$149,268	
7.75% Debentures.	99,455	99,448
7.75% Senior Notes.		49,286
Other debt.		670
	$248,723	$241,004

PVH issued $100,000 of 7.75% Debentures due 2023 on November 15, 1993 with a yield to maturity of 7.80%. Interest is payable semi-annually. Based on current market conditions, PVH estimates that the fair value of these Debentures on January 31, 1999, using discounted cash flow analyses, was approximately $88,100.

On April 22, 1998, PVH completed a refinancing of its Revolving Credit Facility and its 7.75% Senior Notes by entering into a new $325,000 Senior Secured Credit Facility with a group of banks and by issuing $150,000 of 9.5% Senior Subordinated Notes due May 1, 2008. The net proceeds from the Senior Subordinated Notes were used to retire the 7.75% Senior Notes and to repay a portion of the amount due under PVH's prior Revolving Credit Facility. In connection with the early retirement of the 7.75% Senior Notes, PVH paid a yield maintenance premium of $1,446 and wrote off certain debt issue costs of $185. These items have been classified as an extraordinary loss, net of tax benefit of $571, in 1998.

Long-Term Debt (Continued)

The 9.5% Senior Subordinated Notes have a yield to maturity of 9.58%, and interest is payable semi-annually. Based on current market conditions, PVH estimates that the fair value of these Notes on January 31, 1999, using discounted cash flow analyses, was approximately $123,700. In connection with the 9.5% Senior Subordinated Notes, PVH entered into an interest rate hedge agreement. Due to an increase in interest rates between the date PVH entered into the hedge agreement and the date the 9.5% Senior Subordinated Notes were issued, PVH received $1,075, which is being amortized as a reduction of interest expense over the life of the 9.5% Senior Subordinated Notes.

PVH's new $325,000 Credit Facility includes a revolving credit facility which allows PVH, at its option, to borrow and repay amounts up to $325,000. The Facility also includes a letter of credit facility with a sub-limit of $250,000 provided, however, that the aggregate maximum amount outstanding under both the revolving credit facility and the letter of credit facility is $325,000. Interest is payable quarterly at a spread over LIBOR or the prime rate, at the borrower's option, with the spread based on PVH's credit rating and certain financial ratios. The Facility also provides for payment of a fee on the unutilized portion of the Facility. All outstanding borrowings and letters of credit under this credit facility are due April 22, 2003.

In connection with the 7.75% Debentures and the $325,000 Credit Facility, substantially all of PVH's assets have been pledged as collateral.

The weighted average interest rate on outstanding revolving credit borrowings at January 31, 1999 and February 1, 1998 was 7.1% and 6.4%, respectively.

The amount outstanding under the letter of credit facility as of January 31, 1999 was $120,466.

Interest paid was $23,652 (1998), $20,784 (1997) and $24,039 (1996).

There are no scheduled maturities of long-term debt until 2008.

Stockholders' Equity

Preferred Stock Rights - On June 10, 1986, the Board of Directors declared a distribution of one Right (the "Rights") to purchase Series A Cumulative Participating Preferred Stock, par value $100 per share, for each outstanding share of common stock. As a result of subsequent stock splits, each outstanding share of common stock now carries with it one-fifth of one Right.

Under certain circumstances, each Right will entitle the registered holder to acquire from the Company one one-hundredth (1/100) of a share of said Series A Preferred Stock at an exercise price of $100. The Rights will be exercisable, except in certain circumstances, commencing ten days following a public announcement that (i) a person or group has acquired or obtained the right to acquire 20% or more of the common stock, in a transaction not approved by the Board of Directors or (ii) a person or group has commenced or intends to commence a tender offer for 30% or more of the common stock (the "Distribution Date").

Stockholders' Equity - (Continued)

If PVH is the surviving corporation in a merger or other business combination then, under certain circumstances, each holder of a Right will have the right to receive upon exercise the number of shares of common stock having a market value equal to two times the exercise price of the Right.

In the event PVH is not the surviving corporation in a merger or other business combination, or more than 50% of PVH's assets or earning power is sold or transferred, each holder of a Right will have the right to receive upon exercise the number of shares of common stock of the acquiring company having a market value equal to two times the exercise price of the Right.

At any time prior to the close of business on the Distribution Date, PVH may redeem the Rights in whole, but not in part, at a price of $.05 per Right. During 1996, the rights were extended for a period of 10 years from the date of initial expiration and will expire on June 16, 2006.

Stock Options - Under PVH's stock option plans, non-qualified and incentive stock options ("ISOs") may be granted. Options are granted at fair market value at the date of grant. ISOs and non-qualified options granted have a ten year duration. Generally, options are cumulatively exercisable in three installments commencing three years after the date of grant.

Under APB Opinion No. 25, PVH does not recognize compensation expense because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant. Under FASB Statement No. 123, proforma information regarding net income and earnings per share is required as if the Company had accounted for its employee stock options under the fair value method of that Statement.

For purposes of proforma disclosures, PVH estimated the fair value of stock options granted since 1995 at the date of grant using the Black-Scholes option pricing model. The estimated fair value of the options is amortized to expense over the options' vesting period.

The following summarizes the assumptions used to estimate the fair value of stock options granted in each year and certain proforma information:

	1998	1997	1996
Risk-free interest rate	5.56%	6.49%	6.61%
Expected option life	7 Years	7 Years	7 Years
Expected volatility	29.9%	26.0%	30.6%
Expected dividends per share	$ 0.15	$ 0.15	$ 0.15
Weighted average estimated fair value per share of options granted	$ 4.83	$ 5.43	$ 5.29
Proforma net income (loss)	$9,994	$(68,242)	$17,396
Proforma basic and diluted net income (loss) per share	$ 0.37	$ (2.52)	$ 0.65

Stockholders' Equity - (Continued)

Other data with respect to stock options follows:

	Shares	Option Price Per Share		Weighted Average Price Per Share
Outstanding at January 28, 1996	1,803,348	$ 4.75 -	$36.25	$17.14
Granted.	948,411	10.75 -	14.38	12.83
Exercised.	66,353	4.75 -	8.75	5.81
Cancelled.	727,866	6.88 -	36.25	26.07
Outstanding at February 2, 1997	1,957,540	4.75 -	31.63	12.12
Granted.	817,250	12.81 -	15.68	14.23
Exercised.	133,539	4.75 -	13.13	5.93
Cancelled.	179,587	6.88 -	31.63	14.49
Outstanding at February 1, 1998	2,461,664	5.94 -	31.63	12.98
Granted.	1,076,928	6.81 -	14.75	12.72
Exercised.	108,741	5.94 -	12.25	7.70
Cancelled.	304,278	6.88 -	22.38	13.16
Outstanding at January 31, 1999	3,125,573	$ 6.38 -	$31.63	$13.06

Of the outstanding options at January 31, 1999, 372,808 shares have an exercise price below $12.25, 2,750,445 shares have an exercise price from $12.25 to $16.50 and 2,320 shares have an exercise price above $16.50. The weighted average remaining contractual life for all options outstanding at January 31, 1999 is 7.8 years.

Of the outstanding options at January 31, 1999 and February 1, 1998, options covering 642,905 and 650,479 shares were exercisable at a weighted average price of $11.89 and $10.56, respectively. Stock options available for grant at January 31, 1999 and February 1, 1998 amounted to 717,822 and 1,704,250 shares, respectively.

Leases

PVH leases retail stores, manufacturing facilities, office space and equipment. The leases generally are renewable and provide for the payment of real estate taxes and certain other occupancy expenses. Retail store leases generally provide for the payment of percentage rentals based on store sales and other costs associated with the leased property.

At January 31, 1999, minimum annual rental commitments under non-cancellable operating leases, including leases for new retail stores which had not begun operating at January 31, 1999, are as follows:

1999	$ 54,006
2000	41,269
2001	31,799
2002	26,405
2003	19,738
Thereafter	75,908
Total minimum lease payments	$249,125

Leases (Continued)

Rent expense, principally for real estate, is as follows:

	1998	1997	1996
Minimum.	$61,402	$65,177	$67,914
Percentage and other	11,139	11,139	11,166
	$72,541	$76,316	$79,080

Retirement and Benefit Plans

PVH has noncontributory, defined benefit pension plans covering substantially all U.S. 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. It is PVH's policy to fund pension cost annually in an amount consistent with Federal law and regulations. The assets of the plans are principally invested in a mix of fixed income and equity investments.

PVH and its domestic subsidiaries also provide certain postretirement health care and life insurance benefits. Employees become eligible for these benefits if they reach retirement age while working for the Company. Retirees contribute to the cost of this plan, which is unfunded.

In 1998, PVH adopted FASB Statement No. 132, "Employers' Disclosure about Pensions and Other Postretirement Benefits". The disclosures for 1997 and 1996 have been restated to comply with the requirements of Statement No. 132 and to present the applicable data on a basis consistent with 1998.

Following is a reconciliation of the changes in the benefit obligation for each of the last two years:

	Pension Plans		Postretirement Plan	
	1998	1997	1998	1997
Beginning of year	$116,622	$101,065	$34,107	$29,140
Service cost	2,388	2,004	415	389
Interest cost	8,357	7,935	2,306	2,403
Benefit payments	(6,240)	(6,783)	(2,499)	(2,472)
Actuarial (gain) loss	5,863	12,401	(264)	4,520
Plan participants' contributions			127	127
Curtailment (gain) loss	(264)			
Special termination benefits	552			
End of year	$127,278	$116,622	$34,192	$34,107

Retirement and Benefit Plans - (Continued)

Following is a reconciliation of the fair value of the assets held by PVH's pension plans for each of the last two years:

	1998	1997
Beginning of year	$124,663	$110,830
Actual return	15,088	19,772
Benefits paid	(6,240)	(6,783)
PVH contributions	490	844
End of year	$134,001	$124,663

Net benefit cost recognized in each of the last three years is as follows:

	Pension Plans			Postretirement Plan		
	1998	1997	1996	1998	1997	1996
Service cost	$ 2,388	$ 2,004	$ 2,528	$ 415	$ 389	$ 687
Interest cost	8,357	7,935	7,425	2,306	2,403	2,166
Amortization of net loss	52	23	1	336	284	44
Amortization of transition (asset) obligation	(68)	(68)	(68)	273	273	273
Expected return on plan assets	(10,935)	(9,031)	(8,830)			
Amortization of prior service cost	462	563	563			
	256	1,426	1,619	3,330	3,349	3,170
Multiemployer plans		213	253			
	$ 256	$ 1,639	$ 1,872	$3,330	$3,349	$3,170

Following is a reconciliation of the benefit obligation at the end of each of the last two years to the amounts recognized on the balance sheet:

	Pension		Postretirement	
	1998	1997	1998	1997
Benefit obligation at year-end	$127,278	$116,622	$34,192	$34,107
Unrecognized prior service cost	(1,652)	(2,536)		
Unrecognized gains and (losses)	293	2,403	(8,052)	(8,689)
Unrecognized transition asset (obligation)	170	238	(3,824)	(4,097)
Plan assets at fair value	(134,001)	(124,663)		
(Asset) liability recognized on the balance sheet	$ (7,912)	$ (7,936)	$22,316	$21,321

Included in the above disclosures are certain pension plans with projected and accumulated benefit obligations in excess of plan assets of $4,664 and $2,895, respectively, as of January 31, 1999, and $4,264 and $2,652, respectively, as of February 1, 1998.

Retirement and Benefit Plans - (Continued)

The assumed health care cost trend rate assumed for 1999 through 2009 is 6.0%. Thereafter, the rate assumed is 5.5%. If the assumed health care cost trend rate increased or decreased by 1%, the aggregate effect on the service and interest cost components of the net postretirement benefit cost for 1998 and on the postretirement benefit obligation at January 31, 1999 would be as follows:

	1% Increase	1% Decrease
Impact on service and interest cost	$ 337	$ (281)
Impact on year-end benefit obligation	$3,829	$(3,258)

Significant rate assumptions used in determining the benefit obligations at the end of each year and benefit cost in the following year, were as follows:

	1998	1997
Discount rate	7.00%	7.25%
Rate of increase in compensation levels (applies to pension plans only)	4.00%	4.00%
Long-term rate of return on assets	9.00%	8.75%

PVH has an unfunded supplemental defined benefit plan covering 23 current and retired executives under which 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 PVH, the participant has been in the plan for at least 10 years and has attained age 55. At January 31, 1999 and February 1, 1998, $9,357 and $8,309, respectively, are included in other liabilities as the accrued cost of this plan.

PVH has a savings and retirement plan (the "Associates Investment Plan") and a supplemental savings plan for the benefit of its eligible employees who elect to participate. PVH contributions to the plans are equal to 50% of the amounts contributed by participating employees with respect to the first 6% of compensation and were $2,222 (1998), $1,959 (1997) and $2,249 (1996).

Segment Data

PVH manages and analyzes its operating results by its two vertically integrated business segments: (i) Apparel and (ii) Footwear and Related Products. In identifying its reportable segments, PVH evaluated its operating divisions and product offerings. PVH aggregated the results of its apparel divisions into the Apparel segment, which derives revenues from marketing dresswear, sportswear and accessories, principally under the brand names Van Heusen, Izod, Izod Club, Geoffrey Beene and Gant (see subsequent event footnote). PVH's footwear business has been identified as the Footwear and Related Products segment. This segment derives revenues from marketing casual and weekend footwear, apparel and accessories under the Bass brand name.

Segment Data - (Continued)

Sales for both segments occur principally in the United States.

	1998	1997	1996
Net Sales			
Apparel	$ 896,863	$ 911,047	$ 897,370
Footwear and Related Products	406,222	438,960	462,223
Total Net Sales	$1,303,085	$1,350,007	$1,359,593
Operating Income (Loss)			
Apparel(1)	$ 50,302	$ (33,049)	$ 30,021
Footwear and Related Products(1)	17,183	(38,853)	32,888
Total Operating Income (Loss)	67,485	(71,902)	62,909
Corporate Expenses	(15,500)	(15,251)	(15,171)
Year 2000 Computer Conversion Expenses	(8,500)		
Interest Expense, net	(26,112)	(20,672)	(23,164)
Income (Loss) Before Taxes and Extraordinary Item	$ 17,373	$ (107,825)	$ 24,574
Identifiable Assets			
Apparel	$ 357,774	$ 355,979	$ 381,274
Footwear and Related Products	122,051	152,518	143,631
Corporate	194,488	151,962	132,531
	$ 674,313	$ 660,459	$ 657,436
Depreciation and Amortization			
Apparel	$ 10,533	$ 10,484	$ 16,105
Footwear and Related Products	5,630	6,561	5,780
Corporate	9,279	8,255	7,553
	$ 25,442	$ 25,300	$ 29,438
Identifiable Capital Expenditures			
Apparel	$ 5,653	$ 8,103	$ 4,269
Footwear and Related Products	2,210	3,957	6,650
Corporate(2)	30,350	5,863	11,659
	$ 38,213	$ 17,923	$ 22,578

(1) 1997 operating income includes charges for facility and store closing, restructuring and other expenses of $78,465 for the Apparel segment and $54,235 for the Footwear and Related Products segment.

(2) 1998 Corporate capital expenditures are related principally to the relocation of PVH's New York City corporate headquarters.

Facility and Store Closing, Restructuring and Other Expenses

During 1997, PVH recorded pre-tax charges of $132,700, related principally to a series of actions the Company has taken to accelerate the execution of its ongoing strategies to build its brands. The primary initiatives related to the charges were the closing and restructuring of certain manufacturing and warehouse facilities, closing underperforming retail outlet stores and modifying a repositioning of Bass.

The cost components of the charges are as follows:

Inventory markdowns included in cost of goods sold	$ 46,000
Fixed asset write-offs	40,800
Termination benefits for approximately 2,150 employees	19,500
Lease and other obligations	19,100
Other	7,300
	$132,700

During 1997 and 1998, PVH charged approximately $84,900 and $38,000 to the reserve, respectively, of which approximately $26,600 and $17,600 related to inventory markdowns. As of January 31, 1999, approximately $9,800 remains in this reserve to fund the completion of the 1997 initiatives.

Subsequent Event

On February 26, 1999, PVH sold the Gant trademark and certain related assets associated with the Company's Gant operations for $71,000 in cash to Pyramid Sportswear AB ("Pyramid"), which was the brand's international licensee. Pyramid is a wholly-owned subsidiary of Pyramid Partners AB, in which PVH has a minority interest. In connection with this transaction, PVH expects to realize no gain or loss, after writing off certain assets associated with its Gant operations, including goodwill. Sales of Gant products in 1998 were $81,900.

Other Comments

One of PVH's directors, Mr. Harry N.S. Lee, is a director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong. During 1998, 1997 and 1996, the Company purchased approximately $26,700, $26,500 and $35,000, respectively, of products from TAL Apparel Limited and certain related companies.

The Company is a party to certain litigation which, in management's judgement based in part on the opinion of legal counsel, will not have a material adverse effect on the Company's financial position.

During 1998, 1997 and 1996, the Company paid a $0.0375 per share cash dividend each quarter on its common stock.

Certain items in 1997 and 1996 have been reclassified to present them on a basis consistent with 1998.

PHILLIPS-VAN HEUSEN CORPORATION

SELECTED QUARTERLY FINANCIAL DATA - UNAUDITED
(In thousands, except per share data)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1998(1)	1997	1998	1997(2)	1998	1997	1998	1997(3)
Net sales.	$295,765	$285,925	$306,371	$313,458	$374,392	$413,643	$326,557	$336,981
Gross profit	102,508	99,318	109,063	95,647	128,063	140,116	107,291	76,961
Income (loss) before extraordinary item	(4,485)	(4,540)	2,720	(33,285)	14,016	14,552	636	(43,306)
Net income (loss).	(5,545)	(4,540)	2,720	(33,285)	14,016	14,552	636	(43,306)
Income (loss) per share before extraordinary item:								
Basic(4)	(0.16)	(0.17)	0.10	(1.23)	0.51	0.54	0.02	(1.59)
Diluted.	(0.16)	(0.17)	0.10	(1.23)	0.51	0.53	0.02	(1.59)
Price range of common stock per share								
High.	13 3/8	14 5/8	15 1/8	15 3/4	13 3/4	15 7/8	11 5/16	14 1/2
Low	11 3/16	11 1/2	12	12 3/8	6 1/2	13 1/2	6 1/16	11 1/2

(1) Net loss for the first quarter of 1998 includes an extraordinary loss, net of tax benefit, related to the early retirement of debt.

(2) Net loss for the second quarter of 1997 includes a pre-tax charge of $57,000 for facility and store closing, restructuring and other expenses.

(3) Net loss for the fourth quarter of 1997 includes a pre-tax charge of $75,700 for facility and store closing, restructuring and other expenses.

(4) Due to averaging the quarterly shares outstanding when computing basic earnings per share, basic earnings per share totalled for the four quarters of 1997 does not agree with the annual amount.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

To the Stockholders and the Board of Directors
Phillips-Van Heusen Corporation

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of January 31, 1999 and February 1, 1998, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended January 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phillips-Van Heusen Corporation and subsidiaries at January 31, 1999 and February 1, 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1999 in conformity with generally accepted accounting principles.

E&Y SIGNATURE STAMP

New York, New York
March 9, 1999

PHILLIPS-VAN HEUSEN CORPORATION
TEN-YEAR FINANCIAL SUMMARY
(In thousands, except per share data, percents and ratios)

	1998	1997(1)	1996(2)	1995(3)	1994(4)
Summary of Operations					
Net sales					
Apparel	$ 896,863	$ 911,047	$ 897,370	$1,006,701	$ 812,993
Footwear and Related Products	406,222	438,960	462,223	457,427	442,473
	1,303,085	1,350,007	1,359,593	1,464,128	1,255,466
Cost of goods sold and expenses	1,259,600	1,437,160	1,311,855	1,443,555	1,205,764
Income (loss) before interest, taxes and extraordinary item	43,485	(87,153)	47,738	20,573	49,702
Interest expense, net	26,112	20,672	23,164	23,199	12,793
Income tax expense (benefit)	4,486	(41,246)	6,044	(2,920)	6,894
Income (loss) before extraordinary item	12,887	(66,579)	18,530	294	30,015
Extraordinary loss, net of tax	(1,060)				
Net income (loss)	$ 11,827	$ (66,579)	$ 18,530	$ 294	$ 30,015
Per Share Statistics					
Basic Earnings Per Share:					
Before extraordinary item	$ 0.47	$ (2.46)	$ 0.69	$ 0.01	$ 1.13
Extraordinary loss	(0.04)				
Net income (loss)	$ 0.43	$ (2.46)	$ 0.69	$ 0.01	$ 1.13
Diluted Earnings Per Share:					
Before extraordinary item	$ 0.47	$ (2.46)	$ 0.68	$ 0.01	$ 1.11
Extraordinary loss	(0.04)				
Net income (loss)	$ 0.43	$ (2.46)	$ 0.68	$ 0.01	$ 1.11
Dividends paid per share	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Stockholders' equity per share	8.39	8.11	10.73	10.20	10.35
Financial Position					
Current assets	$ 368,017	$ 385,018	$ 362,958	$ 444,664	$ 429,670
Current liabilities	132,686	133,335	122,266	183,126	114,033
Working capital	235,331	251,683	240,692	261,538	315,637
Total assets	674,313	660,459	657,436	749,055	596,284
Long-term debt	248,723	241,004	189,398	229,548	169,679
Convertible redeemable preferred stock					
Stockholders' equity	228,888	220,305	290,158	275,292	275,460
Other Statistics					
Total debt to total capital (5)	54.0%	53.0%	43.1%	52.3%	38.2%
Current ratio	2.8	2.9	3.0	2.4	3.8
Average shares outstanding	27,218	27,108	27,004	26,726	26,563

(1) 1997 includes pre-tax charges of $132,700 for facility and store closing, restructuring and other expenses.

(2) 1996 and 1990 include 53 weeks of operations.

(3) 1995 includes the operations of Izod and Gant from date of acquisition, February 17, 1995, and includes pre-tax charges of $27,000 for facility and store closing, restructuring and other expenses.

(4) 1994 includes pre-tax charges of $7,000 for restructuring and other expenses.

(5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

	1993	1992	1991	1990(2)	1989
Summary of Operations					
Net sales					
Apparel.	$ 757,452	$ 709,361	$596,383	$536,352	$493,395
Footwear and Related Products.	394,942	333,204	307,717	269,963	239,541
	1,152,394	1,042,565	904,100	806,315	732,936
Cost of goods sold and expenses.	1,072,083	972,357	843,367	752,252	682,687
Income (loss) before interest, taxes and extraordinary item	80,311	70,208	60,733	54,063	50,249
Interest expense, net.	16,679	15,727	16,686	18,884	17,555
Income tax expense (benefit)	20,380	16,600	12,910	8,795	8,502
Income (loss) before extraordinary item.	43,252	37,881	31,137	26,384	24,192
Extraordinary loss, net of tax	(11,394)				
Net income (loss)	$ 31,858	$ 37,881	$ 31,137	$ 26,384	$ 24,192
Per Share Statistics					
Basic Earnings Per Share:					
Before extraordinary item.	$ 1.66	$ 1.50	$ 1.24	$ 1.00	$ 0.88
Extraordinary loss	(0.44)	-			
Net income (loss).	$ 1.22	$ 1.50	$ 1.24	$ 1.00	$ 0.88
Diluted Earnings Per Share:					
Before extraordinary item.	$ 1.60	$ 1.42	$ 1.15	$ 0.95	$ 0.84
Extraordinary loss	(0.42)				
Net income (loss)	$ 1.18	$ 1.42	$ 1.15	$ 0.95	$ 0.84
Dividends paid per share	$ 0.15	$ 0.15	$ 0.1425	$ 0.14	$ 0.14
Stockholders' equity per share..	9.33	8.14	4.52	3.38	2.53
Financial Position					
Current assets	$ 418,702	$ 410,522	$303,143	$285,315	$266,867
Current liabilities.	109,156	115,208	102,976	90,748	84,190
Working capital.	309,546	295,314	200,167	194,567	182,677
Total assets	554,771	517,362	398,969	376,790	333,108
Long-term debt	169,934	170,235	121,455	140,259	118,776
Convertible redeemable preferred stock			72,800	72,800	72,800
Stockholders' equity	246,799	211,413	84,903	62,324	46,085
Other Statistics					
Total debt to total capital (5).	40.8%	46.8%	46.0%	53.2%	52.6%
Current ratio.	3.8	3.6	2.9	3.1	3.2
Average shares outstanding	26,142	23,766	18,552	18,260	18,140

(1) 1997 includes pre-tax charges of $132,700 for facility and store closing, restructuring and other expenses.

(2) 1996 and 1990 include 53 weeks of operations.

(3) 1995 includes the operations of Izod and Gant from date of acquisition, February 17, 1995, and includes pre-tax charges of $27,000 for facility and store closing, restructuring and other expenses.

(4) 1994 includes pre-tax charges of $7,000 for restructuring and other expenses.

(5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

SCHEDULE II

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expense	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended January 31, 1999					
Deducted from asset accounts: Allowance for doubtful accounts.	$2,911	$ 409(a)	$ 441(b)	$2,394(c)	$1,367
Year Ended February 1, 1998					
Deducted from asset accounts: Allowance for doubtful accounts.	$3,401	$ 492(a)	$ 202(b)	$1,184(c)	$2,911
Year Ended February 2, 1997					
Deducted from asset accounts: Allowance for doubtful accounts.	$5,363	$1,207(a)	$ 958(b)	$4,127(c)	$3,401

(a) Provisions for doubtful accounts.
(b) Recoveries of doubtful accounts previously written off.
(c) Primarily uncollectible accounts charged against the allowance provided therefor.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The following table lists all of the subsidiaries of the Company and the jurisdiction of incorporation of each subsidiary. Each subsidiary does business under its corporate name indicated in the table.

Name	State or Other Jurisdiction of Incorporation
G. H. Bass Franchises Inc.	Delaware
G. H. Bass Caribbean, Inc.	Delaware
Caribe M&I Ltd.	Cayman Islands
GHB (Far East) Limited	Hong Kong
Phillips-Van Heusen (Far East) Ltd.	Hong Kong
Confecciones Imperio, S.A.	Costa Rica
Camisas Modernas, S.A.	Guatemala
G. H. Bass Comercio Exportacacao Ltda.	Brazil
PVH Retail Corp.	Delaware
The IZOD Corporation	Pennsylvania
Phillips-Van Heusen Puerto Rico LLC	Delaware
BassNet, Inc.	Delaware

EXHIBIT 23

Report and Consent of Independent Auditors

Our audits included the financial statement schedule of Phillips-Van Heusen Corporation listed in Item 14(a)(2). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the incorporation by reference in

(i) Post-Effective Amendment No. 2 to the 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 relate to the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico,

(iii) Registration Statement (Form S-8, No. 33-59101), which relates to the Voluntary Investment Plan of Phillips-Van Heusen Corporation (Crystal Brands Division),

(iv) Post-Effective Amendment No. 4 to Registration Statement (Form S-8, No. 2-72959), Post Effective Amendment No. 6 to Registration Statement (Form S-8, No. 2-64564), and Post Effective Amendment No. 13 to Registration Statement (Form S-8, No. 2-47910), each of which relate to the 1973 Employee's Stock Option Plan of Phillips-Van Heusen Corporation,

(v) Registration Statement (Form S-8, No. 33-38698), Post-Effective Amendment No. 1 to Registration Statement (Form S-8, No. 33-24057) and Registration Statement (Form S-8, No. 33-60793), each of which relate to the Phillips-Van Heusen Corporation 1987 Stock Option Plan,

(vi) Registration Statement (Form S-8, No. 333-29765) which relates to the Phillips-Van Heusen Corporation 1997 Stock Option Plan, and

(vii) Registration Statement (Form S-4, No. 333-57203), which relates to the 9.5% Senior Subordinated Notes due 2008

of Phillips-Van Heusen Corporation and in the related Prospectuses of our report dated March 9, 1999, with respect to the consolidated financial statements and our report included in the preceding paragraph with respect to the financial statement schedule of Phillips-Van Heusen Corporation included in this Annual Report (Form 10-K) for the year ended January 31, 1999.

ERNST & YOUNG LLP

New York, New York
April 26, 1999

CONFORMED COPY

AMENDMENT No. 1, dated as of November 17, 1998 (this "Amendment"), to the Credit Agreement dated as of April 22, 1998 (the "Credit Agreement"), among Phillips-Van Heusen Corporation, a Delaware corporation (the "Borrower"), the lenders party thereto (the "Lenders"), The Chase Manhattan Bank, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent"), and Citicorp USA, Inc., as documentation agent (in such capacity, the "Documentation Agent").

A. Pursuant to the Credit Agreement, the Lenders and the Issuing Bank have extended credit to the Borrower, and have agreed to extend credit to the Borrower, in each case pursuant to the terms and subject to the conditions set forth therein.

B. The Borrower has requested that the Required Lenders agree to amend certain provisions of the Credit Agreement as provided herein.

C. The Required Lenders are willing so to amend the Credit Agreement pursuant to the terms and subject to the conditions set forth herein.

D. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment. (a) Section 5.03(b) of the Credit Agreement is hereby amended by inserting immediately after the words "containing a description of the Collateral" in the ninth line therein, the words "that have been reasonably required by the Collateral Agent".

(b) Section 6.13 (Leverage Ratio) of the Credit Agreement is hereby amended by deleting the second through fourth lines of the table set forth therein and substituting therefor the following:

Period	Ratio
November 1, 1998 -- October 31, 1999	4.75 to 1.00
November 1, 1999 -- October 31, 2000	4.00 to 1.00
November 1, 2000 -- October 31, 2001	3.25 to 1.00

(c) Section 6.14 (Consolidated Net Interest Expense Coverage Ratio) of the Credit Agreement is hereby amended by deleting the second through fourth lines of the table set forth therein and substituting therefor the following:

Period	Ratio
November 1, 1998 -- October 31, 1999	2.50 to 1.00
November 1, 1999 -- October 31, 2000	2.75 to 1.00
November 1, 2000 -- October 31, 2001	3.50 to 1.00

SECTION 2. Representations and Warranties. The Borrower represents and warrants to the Administrative Agent, to the Issuing Bank and to each of the Lenders that:

(a) This Amendment has been duly authorized, executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(b) Before and after giving effect to this Amendment, the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Before and after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing.

SECTION 3. Conditions to Effectiveness. This Amendment shall become effective as of the date first above written when the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of the Borrower and the Required Lenders.

SECTION 4. Credit Agreement. Except as specifically amended hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Credit Agreement shall mean the Credit Agreement as amended hereby.

SECTION 5. Loan Document. This Amendment shall be a Loan Document for all purposes.

SECTION 6. Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 8. Expenses. The Borrower agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

PHILLIPS-VAN HEUSEN CORPORATION,

by
/s/ Pamela N. Hootkin
Name: Pamela N. Hootkin
Title: V.P. Treas & Secty

THE CHASE MANHATTAN BANK,
individually and as Administrative
Agent and Collateral Agent,

by
/s/ Barry K. Bergman
Name: Barry K. Bergman
Title: Vice President

CITICORP USA, INC., individually
and as Documentation Agent,

by
/s/ Allen Fisher
Name: Allen Fisher
Title: Managing Director

SIGNATURE PAGE TO
AMENDMENT NO. 1, DATED AS OF
November 17, 1998

To Approve the Amendment:

Name of Institution   Nationsbank, N.A.

by

/s/ Leesa C. Sluder
Name: Leesa C. Sluder
Title: Senior Vice President

To Approve the Amendment:

Name of Institution   PNC Bank, National Association

by

/s/ Donald V. Davis
Name: Donald V. Davis
Title: Vice President

SIGNATURE PAGE TO
AMENDMENT NO. 1, DATED AS OF
November 17, 1998

To Approve the Amendment:

Name of Institution Fleet Bank, N.A.

by

/s/ Stephen M. Leavenworth
Name: Stephen M. Leavenworth
Title: Vice President

To Approve the Amendment:

Name of Institution Bank Leumi USA

by

/s/ John Koenigsberg
Name: John Koenigsberg
Title: Vice President

by

/s/ Richard Silverstein
Name: Richard Silverstein
Title: Vice President

SIGNATURE PAGE TO
AMENDMENT NO. 1, DATED AS OF
November 17, 1998

To Approve the Amendment:

Name of Institution   Union Bank of California, N.A.

by

/s/ Terry Rocha
Name: Terry Rocha
Title: Vice President

To Approve the Amendment:

Name of Institution DG Bank Deutsche Genossenschaftsbank AG

by

/s/ Linda J. O'Connell
Name: Linda J. O'Connell
Title: Vice President

by

/s/ Ya-Roo Yang
Name: Ya-Roo Yang
Title: Assistant Treasurer

SIGNATURE PAGE TO
AMENDMENT NO. 1, DATED AS OF
November 17, 1998

To Approve the Amendment:

Name of Institution The Bank of New York

by

/s/ Joanne M. Collett
Name: Joanne M. Collett
Title: Vice President

To Approve the Amendment:

Name of Institution BankBoston N.A.

by

/s/ Susan L. Pardus-Galland
Name: Susan L. Pardus-Galland
Title: Vice President

CONFORMED COPY

CONSENT, WAIVER AND AMENDMENT No. 2 dated as of February 23, 1999 (this "Amendment"), to the Credit Agreement dated as of April 22, 1998, as amended (the "Credit Agreement"), among Phillips-Van Heusen Corporation, a Delaware corporation (the "Borrower"), the lenders party thereto (the "Lenders"), The Chase Manhattan Bank, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent"), and Citicorp USA, Inc., as documentation agent (in such capacity, the "Documentation Agent").

A. Pursuant to the Credit Agreement, the Lenders and the Issuing Bank (such term and all other terms used but not defined herein having the meanings assigned to such terms in the Credit Agreement) have extended credit to the Borrower, and have agreed to extend credit to the Borrower, in each case pursuant to the terms and subject to the conditions set forth therein.

B. The Borrower has advised the Lenders that the Borrower intends to enter into the Asset Purchase Agreement dated as of or about February 20, 1999 (the "Asset Purchase Agreement"), with Pyramid Sportswear AB, a Swedish corporation and wholly owned subsidiary of Pyramid Partners AB, a Swedish corporation (the "Buyer"), the Assignment and Assumption Agreement dated as of or about February 20, 1999 (the "Lease Assignment and Assumption Agreement"), between the Borrower and Pyramid Sportswear Acquisition Corporation, a Delaware corporation (the "Assignee"), and the related Assignment and Assumption of Lease (the "Assignment and Assumption Instrument" and, together with the Asset Purchase Agreement and the Lease Assignment and Assumption Agreement, the "Gant Sale Agreement"), between the Borrower and the Assignee, pursuant to which the Borrower will sell, assign, transfer and deliver to the Buyer or the Assignee, as the case may be, for not less than $70,000,000 in cash proceeds (the "Gant Sale") all the Borrower's right, title and interest in (a) the trademarks "Gant", "Hugger" and "Rugger", and all trademark rights, logos and designs associated therewith (the "Trademarks"), and all Trademark registrations and Trademark application files and records, (b) certain license and distribution agreements associated with the Trademarks (the "Assumed Contracts"), and all rights, privileges and entitlements of the Borrower thereunder, (c) certain inventory and pending orders for inventory, (d) all equipment, telephones, telefax machines, fixed assets, trade fixtures, leasehold improvements, cash registers and furniture (excluding inventory) located in or utilized in connection with or otherwise needed to operate the "flagship" Gant Store located on Fifth Avenue in New York City (the "Gant Store"), (e) the existing telephone and telefax numbers of the Gant Store, including any "800" numbers, the domain names "Gant.com" and "GantUSA.com", and the computer software constituting the web sites designated by such domain names, (f) the Agreement of Lease dated March 5, 1997, relating to the Gant Store, (g) copies of all books and records relating to the assets of the Borrower being sold thereunder, (h) all goodwill associated with such assets, (i) all guarantees, warranties, indemnities and similar rights of the Borrower with respect to any such assets, (j) all rights, claims, credits, causes of action or rights of set-off of the Borrower against third parties relating to the assets being sold thereunder and (k) all displays, shipping supplies, boxes and like materials and promotional, advertising and sales materials located in the Gant Store on the closing date of the Gant Sale.

C. The Borrower has requested that the Lenders (a) consent to the consummation of the Gant Sale, (b) amend certain provisions of the Credit Agreement and (c) grant certain limited waivers of compliance by the Borrower with certain provisions of the Credit Agreement.

D. The Required Lenders are willing to grant such a consent, agree to such amendments and grant such waivers, in each case pursuant to the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements contained in this Amendment and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Consent. The Lenders hereby consent to the consummation by the Borrower of the Gant Sale in accordance with the Gant Sale Agreement with such changes with respect to the Gant Sale as are not adverse to the Lenders in any material respect.

SECTION 2. Waiver. The Lenders hereby (a) waive compliance by the Borrower with Section 6.05(d) of the Credit Agreement to the extent, but only to the extent, necessary to permit the Gant Sale as consented to in Section 1 above and (b) waive compliance with Section 6.09 of the Credit Agreement to the extent, but only to the extent, necessary to permit the Gant Sale as consented to in Section 1 above.

SECTION 3. Amendment to Section 1.01. The definition of the term "Consolidated EBITDA" in Section 1.01 of the Credit Agreement is hereby amended to read in its entirety as follows:

> "Consolidated EBITDA" means, for any four-fiscal-quarter period, Consolidated Net Income for such period, plus, without duplication and to the extent deducted from revenues in determining Consolidated Net Income for such period, the sum of (a) the aggregate amount of Consolidated Net Interest Expense for such period, (b) the aggregate amount of income tax expense for such period, (c) all amounts attributable to depreciation and amortization for such period, (d) a one-time, non-recurring restructuring charge of $132,700,000 taken in 1997, (e) one-time, non-recurring charges not to exceed $8,500,000, $10,000,000 and $1,500,000 taken or to be taken in fiscal years 1998, 1999 and 2000, respectively, in connection with the Borrower's "Year 2000 Project" (as such term is defined in the confidential offering memorandum prepared in connection with the private placement of the Subordinated Debt) and (f) premiums not to exceed $1,100,000 paid in connection with the redemption by the Borrower of its 7.85% Series A Senior Notes Due 2002, 7.02% Series B Senior Notes Due 1999 and 7.75% Series C Senior Notes Due 2002, all as determined on a consolidated basis with respect to the Borrower and the Subsidiaries in accordance with GAAP.

SECTION 4. Amendment to Section 6.04.

(a) Paragraph (a) of Section 6.04 of the Credit Agreement is hereby amended to read in its entirety as follows:

"(a) investments by the Borrower in all or a portion of the share capital of Pyramid Partners not owned by the Borrower on the date hereof, provided that (i) such share capital shall be purchased (A) free of all Liens and encumbrances, (B) in the exercise of the Borrower's preemptive rights, rights of first refusal or similar rights under the Shareholder Agreement dated as of or about February 20, 1999, among Lennart Bjork, Klas Kall, Staffan Wittmark, the Borrower and LV Capital S.A., and (C) at a price corresponding to a bona fide offer from a third party potential purchaser, (ii) at the time of such investment and after giving pro forma effect thereto, (A) no Default or Event of Default shall have occurred or be continuing and (B) the Borrower shall be in compliance with Section 6.13, Section 6.14 and Section 6.15 and (iii) the Borrower shall comply with the applicable provisions of Section 5.11;".

(b) Paragraph (i) of Section 6.04 of the Credit Agreement is hereby amended by deleting the word "and" at the end thereof.

(c) Paragraph (j) of Section 6.04 of the Credit Agreement is hereby amended to read in its entirety as follows:

"(j) the Guarantee by the Borrower of the obligations of Pyramid Sportswear Acquisition Corporation under the Agreement of Lease dated March 5, 1997, between Olympic Tower Associates, as Landlord, and the Borrower, as Tenant, pursuant to the Assignment and Assumption Agreement dated as of or about February 20, 1999, between the Borrower and Pyramid Sportswear Acquisition Corporation, and the related Assignment and Assumption of Lease between the Borrower and Pyramid Sportswear Acquisition Corporation, provided that (i) the Borrower's obligations with respect to such Guarantee shall not exceed $12,000,000 at any time and (ii) such Guarantee, unless otherwise terminated, shall terminate upon the earlier of (A) April 30, 2009, and (B) the date of any other termination of such lease; and".

(d) Section 6.04 of the Credit Agreement is hereby further amended by adding a paragraph (k) as follows:

> "(k) investments (other than those permitted by paragraphs (a) through (j) above) in an aggregate amount not to exceed $15,000,000 at any time outstanding."

SECTION 5. Representations and Warranties. The Borrower represents and warrants to the Administrative Agent, to the Issuing Bank and to each of the Lenders that:

(a) This Amendment has been duly authorized, executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(b) Before and after giving effect to this Amendment, the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect as if made on the date hereof, except to the extent such representations and warranties expressly relate to an earlier date.

(c) The execution, delivery and performance by the Borrower of this Amendment and the performance by the Borrower of the Gant Sale Agreement (i) have been duly authorized by all requisite corporate and, if required, stockholder action and (ii) will not, and the use of the cash proceeds from the Gant Sale will not, (A) violate (x) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Borrower or any Subsidiary, (y) any order of any Governmental Authority or (z) any provision of any indenture, agreement or other instrument to which the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound or (B) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument (other than certain repayment or repurchase obligations that may arise pursuant to Section 1014 of the Indenture dated April 22, 1998, under which the Subordinated Debt was issued, in the event that all net available proceeds from the Gant Sale are not invested or committed to be invested within 365 days in assets related to the business of the Borrower or applied to permanently repay senior debt of the Borrower).

(d) Before and after giving effect to this Amendment, no Event of Default or Default has occurred and is continuing.

SECTION 6. Conditions to Effectiveness. This Amendment shall become effective as of the date first above written when (a) the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of the Borrower and the Required Lenders and (b) the representations and warranties set forth in Section 5 of this Amendment shall be true and correct.

SECTION 7. Credit Agreement. Except as specifically amended hereby, the Credit Agreement shall continue in full force and effect in accordance with the provisions thereof as in existence on the date hereof. After the date hereof, any reference to the Credit Agreement shall mean the Credit Agreement as amended hereby.

SECTION 8. Loan Document. This Amendment shall be a Loan Document for all purposes.

SECTION 9. Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 10. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 11. Expenses. The Borrower agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

PHILLIPS-VAN HEUSEN CORPORATION,

by
/s/ Pamela N. Hootkin
Name: Pamela N. Hootkin
Title: V.P. Treas & Secty

THE CHASE MANHATTAN BANK,
individually and as Administrative
Agent and Collateral Agent,

by
/s/ Margaret T. Lane
Name: Margaret T. Lane
Title: Vice President

CITICORP USA, INC., individually
and as Documentation Agent,

by
/s/ Allen Fisher
Name: Allen Fisher
Title: Managing Director

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution The Chase Manhattan Bank

by

/s/ Margaret T. Lane
Name: Margaret T. Lane
Title: Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Citicorp USA

by

/s/ Allen Fisher
Name: Allen Fisher
Title: Managing Director

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Bank Leumi USA

by

/s/ John Koenigsberg
Name: John Koenigsberg
Title: Vice President

by

/s/ Richard Silverstein
Name: Richard Silverstein
Title: Senior Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution The Bank of New York

by

/s/ Joanne M. Collett
Name: Joanne M. Collett
Title: Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution BankBoston, N.A.

by

/s/ Nancy E. Fuller
Name: Nancy E. Fuller
Title: Director

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution DG BANK Deutsche Genossenschaftsbank AG

by

/s/ Linda J. O'Connell
Name: Linda J. O'Connell
Title: Vice President

by

/s/ Rob T. Jokhai
Name: Rob T. Jokhai
Title: Assistant Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Fleet Bank, N.A.

by

/s/ Stephen M. Leavenworth
Name: Stephen M. Leavenworth
Title: Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Jackson National Life Insurance Company
By: PPM Finance, Inc.
Name of Institution Attorney-in-Fact

by

/s/ James Gurgone
Name: James Gurgone
Title: Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Nationsbank, N.A.

by

/s/ Leesa C. Sluder
Name: Leesa C. Sluder
Title: Senior Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution PNC Bank, National Association

by

/s/ Donald V. Davis
Name: Donald V. Davis
Title: Vice President

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Standard Chartered Bank

by

/s/ Peter G.R. Dodds
Name: Peter G.R. Dodds
Title: Senior Credit Officer

by

/s/ Shafiq Ur Rahman
Name: Shafiq Ur Rahman
Title: Senior Vice President &
Global Account Manager

SIGNATURE PAGE TO
CONSENT, WAIVER AND
AMENDMENT NO. 2, DATED AS OF
February 23, 1999

To Approve the Amendment:

Name of Institution Union Bank of California, N.A.

by

/s/ Terry Rocha
Name: Terry Rocha
Title: Vice President

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE PHILLIPS-VAN HEUSEN CORPORATION FINANCIAL STATEMENTS INCLUDED IN ITS 10-K REPORT FOR THE YEAR ENDED JANUARY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR
JAN-31-1999
JAN-31-1999
10,957
0
89,405
1,367
232,695
368,017
108,846
0
674,313
132,686
248,723
0
0
27,288
201,600
674,313
1,303,085
1,303,085
856,160
856,160
403,440
0
26,112
17,373
4,486
12,887
0
(1,060)
0
11,827
0.43
0.43

Property, plant and equipment is presented net of accumulated depreciation.
Provision for doubtful accounts is included in other costs and expenses.