

# 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 February 3, 2002

Commission file number: 1-724

## PHILLIPS-VAN HEUSEN CORPORATION

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State of incorporation)

**13-1166910**  
(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:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
<b>Common Stock, \$1.00 par value</b>	<b>New York Stock Exchange</b>
<b>Preferred Stock Purchase Rights</b>	<b>New York Stock Exchange</b>

#### 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  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 17, 2002 was approximately \$392,831,000.

Number of shares of Common Stock outstanding as of April 17, 2002: 27,709,942.

#### DOCUMENTS INCORPORATED BY REFERENCE

<u>Document</u>	<u>Location in Form 10-K in which incorporated</u>
<b>Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 11, 2002</b>	<b>Part III</b>

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

Forward-looking statements in this Annual Report on Form 10-K, including, without limitation, statements relating to Phillips-Van Heusen Corporation'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, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends and other factors; (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 Company's operations and results could be affected by quota restrictions (which, among other things, could limit the Company's ability to produce products in cost-effective countries that have the labor and technical expertise needed), the availability and cost of raw materials (particularly petroleum-based synthetic fabrics, which are currently in high demand), the Company's

ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where the Company's products can best be produced), and civil conflict or war and political and labor instability in the countries where the Company's products are or are planned to be produced; and (v) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission.

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

## 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 closest to February 1, 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.

1

#### Overview

The Company is a leading marketer of apparel and footwear. Its roster of brands includes *Van Heusen* (dress shirts and sportswear), *Bass /G.H. Bass & Co.* (footwear, apparel and accessories), *Geoffrey Beene* (dress shirts and sportswear), *Izod* (dress shirts and sportswear), *DKNY* (dress shirts), *Arrow* (dress shirts and sportswear), *Kenneth Cole New York* (dress shirts) and *Reaction by Kenneth Cole* (dress shirts).

The Company is brand focused, managing the design, sourcing and manufacturing of substantially all of its products on a brand by brand basis. The Company's wholesale and retail products include dress, sport and knit shirts, casual and dress casual shoes and, to a lesser extent, sweaters, furnishings, bottoms, outerwear and leather and canvas accessories. Approximately 24% of the Company's net sales in fiscal 2001 were derived from sales of dress shirts, 26% from sales of footwear and related products and 50% from sales of other apparel goods, primarily branded sportswear. The Company markets its products at the 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 also presently markets Bass/G.H. Bass & Co. brand footwear, selected Izod brand sportswear and Van Heusen brand pilot shirts through the Internet on a limited basis. The Company believes that marketing through the wholesale channel is where the Company is able to build brand equity and is its core business, and it views its retail businesses as a complement to its strong branded positions in the wholesale market. Revenues from the Company's products occur principally in the United States.

The Company owns the Van Heusen, Bass/G.H. Bass & Co. and Izod brand trademarks. The Geoffrey Beene brand is licensed for dress shirts, men's sportswear and men's and women's apparel stores under agreements with Geoffrey Beene, Inc.; the Arrow brand is licensed for men's and boys' dress shirts and sportswear under an agreement with Cluett American Corp.; the DKNY brand is licensed for dress shirts under an agreement with Donna Karan Studio; and the Kenneth Cole brands are licensed for dress shirts under an agreement with K.C.P.L., Inc.

The Company's principal brands enjoy national recognition. In the United States, Van Heusen is the best-selling dress shirt brand and men's woven sport shirt brand, and Geoffrey Beene is the best-selling designer dress shirt brand. The Company believes that it is the largest supplier of dress shirts, including its branded, designer and private label offerings, in the United States. Izod is one of the best-selling men's sweater brands and one of the best-selling men's basic knit shirts in the United States. Bass/G.H. Bass & Co. is a leading brand of men's, women's and children's casual shoes at the moderate price range in the United States. In addition, the Izod Club brand, which the Company owns and licenses to Oxford Industries Inc., is a leading golf apparel brand in pro shops and at resorts.

The Company markets its brands at different price points to various segments of the market, which spreads its appeal to multiple demographic sectors and a broad spectrum of consumers. This diversity of the Company's brands is intended to minimize competition among the brands and minimize reliance on any one sector. The Company's products are designed to appeal to

2

relatively stable demographic sectors and generally are not reliant on rapidly changing fashion trends.

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.

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 2001, the Company operated 719 stores. The stores are operated in four brand formats -- Van Heusen, Bass, Izod and Geoffrey Beene. Van Heusen and Bass, which appeal to the broader range of consumer, are in the broadest range of malls. Izod and Geoffrey Beene stores are located in malls in geographic areas where those brands have greater appeal. The Company believes its retail presence is 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 G.H. Bass & Co., 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

The Company's business is divided into two segments - (i) Apparel and (ii) Footwear and Related Products. The Apparel segment is operated in two groups - Dress Shirts and Sportswear. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Segment Data" in the Notes to Consolidated Financial Statements included in "Item 14 - Exhibits, Financial Statement Schedules and Reports on Form 8-K" for information regarding the revenues, profits and total assets attributable to these two segments.

#### Apparel

##### Dress Shirts

The Company's dress shirts currently are marketed principally under the Van Heusen, Geoffrey Beene, DKNY, Arrow, Izod, Kenneth Cole New York and Reaction by Kenneth Cole brands. The Van Heusen and Geoffrey Beene brands are the leaders in men's dress shirts in their respective categories, with a combined 2001 unit share in the key United States department store sector of 33%. In addition, the Company markets its dress shirts under the Etienne Aigner and FUBU brands and through private label programs.

Van Heusen brand dress shirts have provided a strong foundation for the Company for most of its history and constitutes the best-selling dress shirt brand in the United States. The Van Heusen dress shirt is marketed at wholesale in the moderate price range to department stores.

3

The Company began marketing Izod brand dress shirts in the third quarter of 2001. Like Izod brand sportswear, Izod dress shirts are marketed in the moderate to upper moderate price range in department stores. The Company believes that the success of Izod sportswear supports its presence in the department stores' dress shirt offerings and presents an opportunity for further development.

The Company markets Geoffrey Beene brand 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 (subject to the satisfaction of certain criteria), through 2013. Geoffrey Beene dress shirts are the best-selling designer dress shirts in the United States. Geoffrey Beene dress shirts are sold in the upper moderate price range to department and specialty stores.

The Company markets DKNY brand dress shirts under a license agreement that expires in December 2002. The Company is currently negotiating the renewal of this license agreement and there can be no assurances that the DKNY license agreement will be renewed. The failure to renew the license could adversely affect the Company's revenues. DKNY brand dress shirts are sold in the better price range to department and specialty stores. Arrow brand dress shirts are marketed under a license agreement that expires in 2007 and which may be extended, at the Company's option, through 2017. They are sold in the moderate price range to value department and chain stores. The two Kenneth Cole brands of dress shirts, Kenneth Cole New York and Kenneth Cole Reaction, are marketed under a license agreement that expires in 2005. These shirts are sold in the better price range to department and specialty stores.

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. These programs present an opportunity for the Company to leverage its 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 product exclusivity. Private label products, however, generally 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 private label dress shirts to major national retail chains and department stores.

#### **Sportswear**

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

Van Heusen is the best-selling men's woven sport shirt brand in the United States. Van Heusen sportswear also includes knit sport shirts and sweaters. Like Van Heusen brand dress shirts, Van Heusen brand sport shirts and sweaters are marketed at wholesale in the moderate price range to department stores.

The product mix targeted for the Company's Van Heusen 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 at principally moderate

4

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 for all seasons. Izod brand apparel products consist of active inspired men's sportswear, including sweaters, knitwear, slacks, fleecewear and microfiber jackets. Izod products are marketed in the moderate to upper moderate price range in department stores.

The Company's Izod stores offer men's and women's active sportswear. The product assortments cater to an active lifestyle that revolves around the game of golf. In addition, the Company's Izod stores market easy care sportswear for travel, resort inspired casual sportswear and outerwear. All products are marketed in the moderate to upper moderate price category.

Geoffrey Beene brand men's sportswear is marketed at wholesale under the same license agreement as Geoffrey Beene dress shirts. Products are marketed in the upper moderate price range in department stores, and include men's sport shirts and knit tops.

The Company's Geoffrey Beene stores offer men's and women's apparel and accessories. Men's apparel is comprised of dress shirts and furnishings, as well as casual and dress casual sportswear. The women's product mix is also a combination of casual and dress casual sportswear. The merchandising strategy is focused on an upscale, fashion forward consumer who is prepared to purchase apparel in the upper moderate price range. The Company offers Geoffrey Beene products in its stores under a license agreement which expires in December 2002 and is renewable, at the Company's option (subject to the satisfaction of certain criteria), through 2011. It is the Company's intention to renew this license in 2002. However, there can be no assurances that this will be the case. The failure to renew the license would adversely affect the Company's revenues and profits.

Arrow brand sportswear is marketed at wholesale under the same license agreement as Arrow dress shirts. Products are marketed in the moderate price range to value department and chain stores. Arrow brand apparel products that the Company markets consist of men's knit and woven tops, sweaters and bottoms.

The Company's extensive resources in both product development and sourcing have permitted it to market successfully private label sport shirts to major national retail chains and department stores. The Company also markets private label sport shirts to companies in service industries, including major airlines and food chains.

#### **Footwear and Related Products**

The Company markets a broad range of casual and dress casual shoes and related products for men, women and children under the Bass/G.H. Bass & Co. brand. The brand has a long history of highly recognizable and innovative products. Bass/G.H. Bass & Co. is a leading brand of men's, women's and children's casual shoes in the moderate price range in the United States.

5

The Company markets its footwear products at wholesale to department stores and specialty shoe stores. In addition, the Company also markets Bass/G.H. Bass & Co. footwear internationally to retailers in Europe, Canada, South America, the Middle East, Africa and Asia.

The Company's Bass stores typically carry a modified assortment of Bass/G.H. Bass & Co. footwear from its wholesale line, as well as styles not available in the wholesale line, in the moderate price range. The stores also carry apparel and accessories for men and women and other complementary products.

### **Competition**

The apparel industry is highly competitive due to its fashion orientation, its mixture of large and small producers, the flow of domestic and imported merchandise and the wide diversity of retailing methods. Some of the larger brand apparel competitors include Polo/Ralph Lauren, Tommy Hilfiger, Nautica, Perry Ellis and Chaps. In addition, the Company faces significant competition from retailers, including its own wholesale customers, through their private label programs.

The footwear 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, the Bass/G.H. Bass & Co. brand has maintained its important position in the casual footwear market, while extending the brand's offerings in modern, contemporary casual and dress casual styles. Few of its competitors have the overall men's and women's brand recognition of Bass/G.H. Bass & Co. The Company's primary competitors include Dockers, Timberland, Rockport and Sperry.

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**

The Company employs separate teams of designers and merchandisers for each of its brands, creating a structure that focuses on the brand's special qualities and identity. These designers and merchandisers consider consumer taste, fashion trends and the economic environment when creating a product plan for a particular season for their brand. The Company also employs sourcing specialists who focus on the manufacturing and sourcing needs of its brands. In addition, the Company operates a worldwide network of foreign offices and buying agents for purposes of providing technical support and quality control to those sourcing specialists.

The process from initial design to finished product varies greatly, but generally spans seven to ten 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 two to six months prior to production and quantities are finalized at that time. In addition, sales are monitored regularly at both

6

the retail and wholesale levels and modifications in production can be made both to increase or reduce inventories.

A portion of the Company's dress shirts is manufactured in the Company's domestic apparel manufacturing facility in Alabama. However, most of the Company's dress shirts and all of its sportswear are sourced and manufactured to the Company's specifications by independent manufacturers in the Far East, Middle East, Caribbean and Asia who meet its quality, cost and human rights requirements. Footwear is sourced and manufactured to the Company's specifications by independent manufacturers who meet the Company's quality, cost and human rights requirements, principally located in the Far East, Italy and Brazil.

The Company's foreign offices and buying agents 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. 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 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. 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. 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 advertises its brands 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.

With respect to the Company's retail operations, 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.

7

### **Trademarks**

The Company has the exclusive worldwide right to use the Van Heusen, G.H. Bass & Co. and Izod names. In addition, the Company owns the Izod Club name. The Company has registered or applied for registration of these and numerous other trademarks for use on a variety of items of apparel and footwear and related products and owns many foreign 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 multiple and varied licensing agreements under which it licenses the use of its brand names. The Company licenses the Van Heusen name for dress shirts and sportswear throughout the world, excluding the United States. The Company also licenses the use of the Van Heusen name around the world for various products, including boy's apparel, pants, sleepwear, eyewear, neckwear, belts, hosiery, outerwear, suits, men's jewelry, small leather goods and 'big and tall' sportswear. The Company licenses the use of the Izod name for neckwear, tailored clothing, belts, boy's sportswear and sleepwear, 'big and tall' sportswear, men's and women's hosiery, eyewear, sleepwear, linens and towels in the United States, and for men's and women's sportswear in Canada and Australia. The Company licenses the use of the Izod Club name for men's and women's golf apparel in the United States, Canada and Europe, and the G.H. Bass & Co. name for eyewear in the United States. In addition, the Company sublicenses the Arrow name for boyswear.

The Company plans to continue expanding its worldwide marketing efforts, utilizing licensing and other strategic partnerships for all its brands. 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 controls over their businesses. 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 for textiles and apparel established by the United States government. In addition, a portion of the Company's imported products are eligible for certain duty-advantaged programs commonly known as NAFTA, AGOA, CBTPA and CBI. 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. Moreover, with the gradual elimination over the next few years of textile and

8

apparel quotas resulting from the United State's membership in the World Trade Organization, quota restrictions will no longer affect the Company's business.

## Employees

As of February 3, 2002, the Company employed approximately 5,200 persons on a full-time basis and approximately 3,600 persons on a part-time basis. Approximately 4% of the Company's 8,800 employees are represented for the purpose of collective bargaining by four different unions. Additional persons, some represented by these four 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.

## Executive Officers of the Registrant

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

<u>Name</u>	<u>Position</u>	<u>Age</u>
Bruce J. Klatsky	Chairman and Chief Executive Officer; Director	53
Mark Weber	President and Chief Operating Officer; Director	53
Emanuel Chirico	Executive Vice President and Chief Financial Officer	44
Allen E. Sirkin	Vice Chairman, Dress Shirts	59
Diane M. Sullivan	Vice Chairman, Footwear	46
Francis K. Duane	Vice Chairman, Sportswear	45

Mr. Bruce J. Klatsky has been employed by the Company in various capacities over the last 30 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 30 years, was named Vice Chairman of the Company in 1995 and was named President and Chief Operating Officer in 1998.

Mr. Emanuel Chirico joined the Company as Vice President and Controller in 1993. Mr. Chirico was named Executive Vice President and Chief Financial Officer in 1998.

Mr. Allen E. Sirkin has been employed by the Company since 1985. He has served as Vice Chairman of the Company since 1995.

Ms. Diane M. Sullivan joined the Company as Vice Chairman in September 2001. From 1999 until 2001, Ms. Sullivan was President and Chief Operating Officer, as well as a Director, of The Stride Rite Corporation, a footwear company. From 1997 until 1999, she was a Group President with The Stride Rite Corporation.

9

Mr. Francis K. Duane was named Vice Chairman of the Company in February, 2001 after serving as President of the Company's Izod division since May 1998. From 1996 until 1998, Mr. Duane was President, Worldwide Sales, of Guess Inc., an apparel company.

Each of the Company's executive officers holds the office indicated until his or her successor is chosen and qualified at the regular meeting of the Board of Directors held immediately following the Annual Meeting of Stockholders.

**Item 2. Properties**

The Company maintains its principal executive offices at 200 Madison Avenue, New York, New York, occupying approximately 138,000 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 South 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, administrative offices and retail stores of the Company:

**Apparel**

	<b>Square Feet of Floor Space (000's)</b>		
	<b>Owned</b>	<b>Leased</b>	<b>Total</b>
Manufacturing Facilities	57	61	118
Warehouse and Distribution Centers	1,599	564	2,163
Administrative	16	336	352
Retail Stores	<u>0</u>	<u>1,793</u>	<u>1,793</u>
	<u>1,672</u>	<u>2,754</u>	<u>4,426</u>

**Footwear and Related Products**

	<b>Owned</b>	<b>Leased</b>	<b>Total</b>
Warehouse and Distribution Centers	347	0	347
Administrative	20	125	145
Retail Stores	<u>0</u>	<u>1,484</u>	<u>1,484</u>
	<u>367</u>	<u>1,609</u>	<u>1,976</u>

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 management's judgment based in part on the opinions 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 appear in the Notes to Consolidated Financial Statements under the headings "Other Comments" on page F-18, "Selected Quarterly Financial Data" on page F-19 and "Ten Year Financial Summary" on pages F-21 and F-22. As of April 17, 2002, there were 1,160 stockholders of record of the Company's common stock. The closing price of the Company's common stock on April 17, 2002 was \$15.06.

## **Item 6. Selected Financial Data**

Selected Financial Data appears under the heading "Ten Year Financial Summary" on pages F-21 and F-22.

## **Item 7. Management's Discussion and Analysis of Financial Condition and**

### **Results of Operations**

Reflecting on the past year, one can view 2001 as two distinct time periods. During the first half of 2001, the Company continued the growth momentum it carried into the year and further solidified its position in dress shirts, sportswear and footwear. Sales and earnings during this period grew 10% and 84%, respectively, with sportswear gaining market share, led by Izod and Van Heusen, and Bass continuing its strong financial turnaround.

Circumstances changed drastically after the tragic events of September 11 and this, in addition to its personal toll, had a major negative impact on the Company's business in the second half of the year. Despite this turn of events, which significantly impacted sales and earnings versus the Company's initial expectations, the Company ended the year with very clean inventories, positive cash flow of \$23 million and maintained or grew its market share position in dress shirts, sportswear and footwear.

In the fourth quarter of 2001, in response to the changing economic climate and the gradual elimination over the next few years of import quotas on apparel, the Company recorded a \$21.0 million charge which included \$15.6 million to make certain staff reductions and exit three Central American dress shirt manufacturing facilities and \$5.4 million to liquidate certain related dress shirt inventories. The Company believes that these actions will yield greater efficiency and flexibility in sourcing and, in 2002, will benefit the Company with decreased expense levels and, beginning in the second half of the year, with lower cost of goods.

In the Apparel segment, despite a very weak dress shirt environment, the Company increased its share of sales in department stores. The wholesale sportswear businesses achieved double digit growth in sales as Izod and Van Heusen increased penetration and broadened product presentation, and Arrow improved its position within Kohl's and Sears.

12

In the Footwear and Related Products segment, a major highlight was the continuation of the financial turnaround begun in the fourth quarter of 2000, as significant gross margin improvement was driven by greatly reduced promotional selling.

The Company believes that its strategy of providing a broad spectrum of consumers with nationally recognized branded dress shirts, sportswear and footwear that embody appropriate fashion at a great value is never more relevant as it is in these uncertain times. The Company's products are solidly placed in their respective market segments across broad and diversified channels of distribution. The Company believes that it continues to be well-positioned to grow its existing brands as well as to add new brands to its existing infrastructure, giving it significant opportunity to enhance future financial performance.

### **Results of Operations**

The Company manages and analyzes its operating results by its two vertically integrated business segments: (i) Apparel and (ii) Footwear and Related Products. Of the \$21.0 million charge for restructuring and other costs mentioned above, \$19.0 million related to the Apparel segment and \$2.0 million to the Footwear and Related Products segment.

#### **Apparel**

Net sales of the Apparel segment were \$1,061.4 million in 2001 against \$1,071.0 million in 2000 and \$885.8 million in 1999. Excluding the 53<sup>rd</sup> week in 2000, apparel sales were up 1% this year. Sales in 2001 were impacted by a very weak dress shirt environment offset by strength in sportswear, especially Izod and Van Heusen. The increase in 2000 versus 1999 was due to the strong performance of the Company's then existing sportswear and dress shirt brands and the additional volume associated with the July 2000 acquisition of the Arrow and Kenneth Cole licenses.

Gross margin was 33.2% in 2001 compared with 32.8% in 2000 and 34.2% in 1999. The gross margin in 2001 excludes the previously mentioned \$5.4 million charge relating to restructuring and other costs. The gross margin percent increased in 2001 as aggressive inventory management positioned the Company to manage through the weak sales trends at both wholesale and in its retail stores. In comparison, the decrease in gross margin percent in 2000 versus 1999 resulted from a significant shift in the sales mix driven by the more rapid growth in the Company's wholesale businesses, which carry lower gross margins, than its retail businesses. Selling, general and administrative expenses, before restructuring and other charges of \$13.6 million, was 27.2% as a percentage of sales in 2001 compared with 25.8% in 2000 and 27.9% in 1999. The increase versus 2000 reflects the lack of sales leverage in 2001.

Operating income of the Apparel segment was \$64.0 million in 2001 before restructuring and other charges of \$19.0 million, or \$45.0 million after these charges. This compares with \$74.9 million in 2000 and \$55.6 million in 1999. The decline in 2001 reflects, in addition to the restructuring charge, the impact of the lack of sales growth and the inability to leverage expenses. In 2000, all of the Company's divisions experienced operating income margin improvements, as the operating income margin of the Apparel segment improved to 7.0% in 2000 from 6.3% in 1999. The operating income margin before restructuring and other charges declined to 6.0% in 2001.

13

#### **Footwear and Related Products**

Net sales of the Footwear and Related Products segment were \$370.5 million in 2001 versus \$384.5 million in 2000 and \$385.7 million in 1999. The 2001 sales decline was principally attributable to the second half of the year, as the soft retail environment was exacerbated by the events of September 11. Sales in 2000, down for most of that year, had begun to recover in the fourth quarter, which also included an additional week of sales.

Gross margin continued to be a highlight and reached 42.9% in 2001, up from 39.2% in 2000 and 38.0% in 1999. This represents an almost 500 basis point improvement over this three year period. In 2001, the improvement was driven by the significantly reduced level of promotional selling. The improvement in gross margin in 2000 is directly attributable to the closure of Bass' two manufacturing facilities in 1999, which enabled the Company to source footwear product more effectively. In 2001, selling, general and administrative expenses as a percentage of sales increased to 37.1% before \$2.0 million of restructuring and other charges. This compares with 34.6% and 33.2% in 2000 and 1999, respectively. The increase in all years is driven by the absence of sales growth and the resulting inability to leverage expenses.

Operating income of the Footwear and Related Products segment increased 21% to \$21.5 million before restructuring and other charges, or to \$19.5 million after such charges. Overall operating margins increased to 5.8% in 2001 before restructuring and other charges, compared with 4.6% and 4.8% in 2000 and 1999, respectively.

#### **Corporate Expenses**

Corporate expenses were \$23.4 million in 2001, \$22.2 million in 2000 and \$26.0 million in 1999. The decreased expense level in 2000 was due to the absence of Year 2000 computer conversion costs that were incurred in 1999.

#### **Interest Expense**

Net interest expense in 2001 was \$24.5 million compared with \$22.3 million in 2000 and \$22.4 million in 1999. The increase in 2001 reflects funding the acquisition of the Arrow and Kenneth Cole licenses in mid-2000, as well as the year end acquisition of the Van Heusen trademark in the parts of the world where the Company did not previously own the trademark. Interest expense was relatively flat in 2000 versus 1999 as the benefit of the positive cash flow from operations in 2000 offset the use of cash for the acquisition of the net assets associated with the Arrow and Kenneth Cole licenses at the end of the second quarter.

#### **Income Taxes**

The income tax expense rate was 36.0% in 2001 compared with 37.6% in 2000 and 34.8% in 1999. The tax rate in 2001 reflects tax saving strategies implemented by the Company at the end of 2000. The increase in 2000 resulted principally from closing Bass' manufacturing operations in Puerto Rico in the third quarter of 1999, which resulted in a higher percentage of pre-tax income being subject to U.S. tax. The full year impact of this closing on the effective tax rate was reflected in 2000 while 1999 had only a partial year effect.

14

#### **Liquidity and Capital Resources**

Cash provided by operating activities was \$63.7 million in 2001 compared with \$35.4 million in 2000 and \$74.0 million in 1999. The higher level of cash from operations in 2001 was primarily the result of the Company's aggressive management of working capital, notably inventory. The higher level in 1999 came from the liquidation of working capital associated with the Company's exiting of its Gant and Izod Club businesses. The Company anticipates cash flow from operations to approximate \$50 to \$55 million in 2002 as the expected increase in earnings is planned to be offset by a build in working capital, principally higher receivables related to the anticipated increase in fourth quarter sales. The foregoing is a forward-looking statement. Factors that could affect the Company's ability to attain this cash flow forecast include the failure to attain projected sales levels, to collect receivables as projected, variations in projected inventory levels and increased costs.

Capital spending in 2001 was \$33.4 million compared with \$31.9 million in 2000 and \$31.3 million in 1999. The Company anticipates capital spending in 2002 to approximate \$32 to \$34 million, which it expects to fund from operating cash flow. The foregoing is a forward-looking statement. Changes in the Company's plans or projections regarding store refurbishment and logistics infrastructure investment, as well as a change in cash flow could affect actual capital spending levels.

Total debt as a percentage of total capital was 48.4% at the end of 2001 compared with 48.1% and 50.7% at the end of 2000 and 1999, respectively. The Company believes that its ability to generate positive cash flow, combined with its borrowing capacity under its revolving credit agreement, provides sufficient liquidity for potential investment opportunities that may arise. The foregoing is a forward-looking statement and may be affected by factors such as changes in cash flow or the size of any acquisition the Company may undertake. The Company does not currently have any understanding regarding any acquisition.

The Company's Credit Facility expires in April 2003. The Company believes it will be able to resyndicate this facility prior to year-end 2002. However, given current market conditions, borrowing spreads are likely to be 100 to 150 basis points higher than borrowing spreads under the existing Credit Facility. The foregoing are forward-looking statements. The Company's ability to enter into a new credit facility and the pricing thereof will be affected by factors such as the Company's financial condition and conditions in the lending market.

#### **Market Risk**

Financial instruments held by the Company include cash equivalents and long-term debt. Based on the amount of cash equivalents held by the Company at February 3, 2002 and the average net amount of cash equivalents which the Company anticipates holding during 2002, it 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.

15

#### **Seasonality**

The Company's business is seasonal, with higher sales and income in the second half of the year, which coincides 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 second half is the high volume of Fall shipments to wholesale customers, which are generally more profitable than Spring shipments. The less profitable Spring selling season at wholesale combines with retail seasonality to make the first quarter weaker than the other quarters.

#### **Accounting Policies Involving Significant Estimates**



The Company's financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. The Company believes that the following are among the more critical judgment areas in the application of its accounting policies that currently affect its financial condition and results of operations:

**Sales allowance accrual** - The Company has arrangements with many of its department and specialty store customers to support those customers' sales of the Company's products. The Company establishes accruals which, based on a review of the individual customer arrangements and the expected performance of the Company's products in those customers' stores, it believes will be required to satisfy its obligations with its customers. It is possible that the Company's estimates could vary from actual results, which would require the Company to adjust the allowance accruals.

**Inventories** - The Company states its inventories at the lower of cost or market. When market conditions indicate that inventories may need to be sold below cost, the Company writes down its inventories to the estimated net realizable value. The Company believes that all inventory writedowns required at February 3, 2002 have been recorded. If market conditions were to change, it is possible that the required level of inventory reserves would need to be adjusted.

**Income taxes** - As of February 3, 2002, the Company has deferred tax assets totaling \$49 million, of which \$33 million relates to tax loss and credit carryforwards which begin to expire principally in 2010. Realization of these carryforwards is primarily dependent upon the Company's achievement of future taxable income. Based on the extended expiration dates and projections of future taxable income, the Company has determined that realization of these assets is more likely than not. If future changes to market conditions require the Company to change its judgment as to realization, it is possible that material adjustments to the deferred tax asset may be required.

**Goodwill and other intangible assets** - As discussed under the heading "Accounting Pronouncement" in the Notes to Consolidated Financial Statements, in 2002 the Company is adopting FASB Statement No. 142. This statement requires, among other things, that goodwill and other indefinitely lived intangible assets no longer be amortized, and instead be tested for impairment based on fair value. An impairment loss could have a material adverse impact

16

on the Company's financial condition and results of operations. Performance of the goodwill impairment tests will require significant judgments regarding the allocation of net assets to the reporting unit level, which is the level at which the impairment tests are required. The determination of whether an impairment exists will also depend on, among other factors, the estimated fair value of the reporting units, which itself will depend in part on market conditions, including the price of the Company's common stock.

**Investment in Gant AB** - As of February 3, 2002, other noncurrent assets include \$13 million as an equity investment in Gant AB, which owns the Gant trademark. The Company evaluates annually whether the carrying amount of this investment is impaired based on the estimated fair market value of Gant AB.

**Medical claims accrual** - The Company self-insures a significant portion of its employee medical costs. Based on trends and number of covered employees, the Company records estimates of medical claims which have been incurred but not paid. If actual medical claims varied significantly from these estimates, an adjustment to the medical claims accrual would be required.

**Pension benefits** - Included in the calculations of expense and liability for the Company's pension plans are various assumptions, including return on assets, discount rate and future compensation increases. Based on these assumptions, and due in large part to poor performance of U.S. equity markets in the past two years, the Company has certain unrecognized costs for its pension plans at February 3, 2002. Depending on future asset performance and discount rates, the Company could be required to amortize these costs in the future which could have a material effect on future pension expense.

#### **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 of this report 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.

17

### **PART III**

#### **Item 10. Directors and Executive Officers of the Registrant**

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 11, 2002. Information with regard to compliance by the Company's officers and directors with section 16(a) of the Securities Exchange Act of 1934, as amended is incorporated herein by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 11, 2002. Information with regard to the Company's executive officers is contained in the section entitled "Executive Officers of the Registrant" in Item 1, Part I of this report.

#### **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 11, 2002.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

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 11, 2002.

**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 11, 2002.

18

**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).

19

- 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 Third Amendment to Rights Agreement, dated June 30, 1992, from Phillips-Van Heusen Corporation to The Chase Manhattan Bank, N.A. and The Bank of New York (incorporated by reference to Exhibit 4.5 to the Company's report on Form 10-Q for the period ended April 30, 2000).
- 4.6 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).
- 4.7 Fourth Amendment to Rights Agreement, dated April 25, 2000, from Phillips-Van Heusen

- 4.7. Amendment to Rights Agreement, dated April 23, 2000, from Phillips Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.7 to the Company's report on Form 10-Q for the period ended April 30, 2000).
- 4.8. Credit Agreement, dated as of April 22, 1998, among PVH, the lenders party thereto, 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).
- 4.9. 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 thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent (incorporated by reference to Exhibit 4.7 to the Company's report on Form 10-K for the year ended January 31, 1999).
- 4.10. 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 thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent (incorporated by reference to Exhibit 4.8 to the Company's report on Form 10-K for the year ended January 31, 1999).

20

- 4.11. Amendment No. 3, dated as of August 23, 2000, to the Credit Agreement, dated as of April 22, 1998, among PVH, the group of lenders party thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent (incorporated by reference to Exhibit 4.13 to the Company's report on Form 10-Q for the period ended July 30, 2000).
- +4.12. Amendment No. 4, dated as of December 4, 2001 to the Credit Agreement, dated as of April 22, 1998, among PVH, the group of lenders party thereto, The Chase Manhattan Bank, as Administrative Agent and Collateral Agent, and Citicorp USA, Inc., as Documentation Agent.
- 4.13. 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).
- 4.14. 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 through March 7, 2002.
- \*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).

21

- \*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).
- + Phillips-Van Heusen Corporation 1997 Stock Option Plan, effective as of April 29, 1997, as amended through December 18, 2001.

\*10.10

\*10.11 Phillips-Van Heusen Corporation Senior Management Bonus Program for fiscal year 1999 (incorporated by reference to Exhibit 10.13 to the Company's report on Form 10-Q for the period ended August 1, 1999).

\*10.12 Phillips-Van Heusen Corporation Long-Term Incentive Plans for the 21 month period ending February 4, 2001 and the 33 month period ending February 3, 2002 (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2000).

+\*10.13 Phillips-Van Heusen Corporation 2000 Stock Option Plan, effective as of April 27, 2000, as amended through December 18, 2001.

\*10.14 Phillips-Van Heusen Corporation Performance Incentive Bonus Plan, effective as of March 2, 2000, as amended through March 7, 2001 (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended February 4, 2001).

\*10.15 Phillips-Van Heusen Corporation Long-Term Incentive Plan, effective as of January 31, 2000 (incorporated by reference to Exhibit 10.17 to the Company's report on Form 10-Q for the period ended July 30, 2000).

21. Subsidiaries of the Company.

23. Consent of Independent Auditors.

22

(b) Reports on Form 8-K filed during the fourth quarter of 2001:

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.

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

+ Filed herewith.

23

#### 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: /s/ Bruce J. Klatsky

Bruce J. Klatsky

**Chairman, Chief Executive  
Officer and Director**

Date: April 24, 2002

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

/s/ Bruce J. Klatsky

Chairman, Chief Executive

April 24, 2002

Bruce J. Klatsky

Officer and Director

(Principal Executive Officer)

<u>/s/ Mark Weber</u> Mark Weber	President, Chief Operating Officer and Director	April 17, 2002
<u>/s/ Emanuel Chirico</u> Emanuel Chirico	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	April 15, 2002
<u>/s/ Vincent A. Russo</u> Vincent A. Russo	Vice President and Controller (Principal Accounting Officer)	April 15, 2002
<u>/s/ Edward H. Cohen</u> Edward H. Cohen	Director	April 19, 2002
<u>/s/ Joseph B. Fuller</u> Joseph B. Fuller	Director	April 24, 2002
<u>/s/ Joel H. Goldberg</u> Joel H. Goldberg	Director	April 15, 2002
<u>/s/ Marc Grosman</u> Marc Grosman	Director	April 19, 2002
<u>/s/ Dennis F. Hightower</u> Dennis F. Hightower	Director	April 19, 2002
<u>/s/ Maria Elena Lagomasino</u> Maria Elena Lagomasino	Director	April 15, 2002
<u>/s/ Harry N.S. Lee</u> Harry N.S. Lee	Director	April 17, 2002
<u>/s/ Bruce Maggin</u> Bruce Maggin	Director	April 19, 2002
<u>/s/ Peter J. Solomon</u> Peter J. Solomon	Director	April 16, 2002

**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:

Consolidated Income Statements--Years Ended February 3, 2002, February 4, 2001 and January 30, 2000	F-2
Consolidated Balance Sheets--February 3, 2002 and February 4, 2001	F-3
Consolidated Statements of Cash Flows--Years Ended February 3, 2002, February 4, 2001 and January 30, 2000	F-4
Consolidated Statements of Changes in Stockholders' Equity--Years Ended February 3, 2002, February 4, 2001	

Notes to Consolidated Financial Statements	F-6
Selected Quarterly Financial Data	F-19
Report of Ernst & Young LLP, Independent Auditors	F-20
10 Year Financial Summary	F-21

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

Schedule II - Valuation and Qualifying Accounts	F-23
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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.

F-1

**PHILLIPS-VAN HEUSEN CORPORATION**  
**CONSOLIDATED INCOME STATEMENTS**  
(In thousands, except per share data)

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Net sales	\$1,431,892	\$1,455,548	\$1,271,490
Cost of goods sold	<u>925,662</u>	<u>950,176</u>	<u>820,464</u>
Gross profit	506,230	505,372	451,026
Selling, general and administrative expenses	<u>465,091</u>	<u>434,835</u>	<u>402,716</u>
Income before interest and taxes	41,139	70,537	48,310
Interest expense, net	<u>24,451</u>	<u>22,322</u>	<u>22,430</u>
Income before taxes	16,688	48,215	25,880
Income tax expense	<u>6,008</u>	<u>18,115</u>	<u>9,007</u>
Net income	<u>\$ 10,680</u>	<u>\$ 30,100</u>	<u>\$ 16,873</u>
Basic net income per share	<u>\$ 0.39</u>	<u>\$ 1.10</u>	<u>\$ 0.62</u>
Diluted net income per share	<u>\$ 0.38</u>	<u>\$ 1.10</u>	<u>\$ 0.62</u>

See notes to consolidated financial statements.

**PHILLIPS-VAN HEUSEN CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)

	<u>February 3,</u> <u>2002</u>	<u>February 4,</u> <u>2001</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 43,579	\$ 20,223
Trade receivables, less allowances of \$2,496 and \$2,051	81,551	99,439
Inventories	233,704	273,035
Other, including deferred taxes of \$19,656 and \$24,789	<u>46,466</u>	<u>43,684</u>
Total Current Assets	405,300	436,381
Property, Plant and Equipment	135,817	123,595
Goodwill and other intangible assets	112,975	113,217
Other Assets, including deferred taxes of \$29,633 and \$24,199	<u>54,841</u>	<u>51,171</u>
	<u>\$708,933</u>	<u>\$724,364</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 29,375	\$ 45,715
Accrued expenses	84,983	92,380
Total Current Liabilities	114,358	138,095
Long-Term Debt	248,935	248,851
Other Liabilities	79,913	68,857
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 27,646,172 and 27,428,108	27,646	27,428
Additional capital	121,659	118,755
Retained earnings	129,248	122,704
Accumulated other comprehensive loss	<u>(12,500)</u>	
	266,053	268,887
Less: 24,627 shares of common stock held in treasury - at cost	<u>(326)</u>	<u>(326)</u>
Total Stockholders' Equity	<u>265,727</u>	<u>268,561</u>
	<u>\$708,933</u>	<u>\$724,364</u>

See notes to consolidated financial statements.

**PHILLIPS-VAN HEUSEN CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>Operating activities:</b>			
Net income	\$ 10,680	\$ 30,100	\$ 16,873
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	25,734	20,051	19,417
Deferred income taxes	5,156	9,885	8,193
Equity income	(486)	(864)	(1,080)
Changes in operating assets and liabilities:			
Receivables	17,888	(33,018)	21,616
Inventories	39,331	(10,173)	26,931
Accounts payable and accrued expenses	(23,737)	13,515	5,849
Acquisition of inventory associated with John Henry and Manhattan license agreement			(17,212)
Prepays and other-net	(10,913)	5,893	(6,607)
Net Cash Provided By Operating Activities	<u>63,653</u>	<u>35,389</u>	<u>73,980</u>
<b>Investing activities:</b>			
Property, plant and equipment acquired	(33,406)	(31,898)	(31,291)
Acquisition of net assets associated with Arrow and Kenneth Cole license agreements	(5,000)	(56,765)	
Acquisition of worldwide rights to Van Heusen trademark	(600)	(18,100)	
Sale of Gant trademark, net of related costs			<u>65,251</u>
Net Cash Provided (Used) By Investing Activities	<u>(39,006)</u>	<u>(106,763)</u>	<u>33,960</u>
<b>Financing activities:</b>			
Proceeds from revolving line of credit	58,300	50,290	41,600
Payments on revolving line of credit	(58,300)	(50,290)	(61,600)
Exercise of stock options	2,845	1,196	16
Acquisition of treasury shares		(326)	
Cash dividends	(4,136)	(4,094)	(4,092)
Net Cash Used By Financing Activities	<u>(1,291)</u>	<u>(3,224)</u>	<u>(24,076)</u>
Increase (decrease) in cash	23,356	(74,598)	83,864
Cash at beginning of period	<u>20,223</u>	<u>94,821</u>	<u>10,957</u>
Cash at end of period	<u>\$ 43,579</u>	<u>\$ 20,223</u>	<u>\$ 94,821</u>
See notes to consolidated financial statements.			

**PHILLIPS-VAN HEUSEN CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(In thousands, except share data)

	<u>Common Stock</u>			<u>Retained</u>	<u>Accumulated</u>		
	<u>Shares</u>	<u>\$1 par</u>	<u>Additional</u>	<u>Earnings</u>	<u>Comprehensive</u>	<u>Treasury</u>	<u>Stockholders'</u>
		<u>Value</u>	<u>Capital</u>	<u>Loss</u>	<u>Loss</u>	<u>Stock</u>	<u>Equity</u>
January 31, 1999	27,287,985	\$27,288	\$117,683	\$ 83,917			\$228,888
Net income				16,873			16,873
Stock options exercised	1,884	2	14				16
Cash dividends				(4,092)			(4,092)



January 30, 2000	27,289,869	27,290	117,697	96,698		241,685
Net income				30,100		30,100
Stock options exercised	138,239	138	1,058			1,196
Cash dividends				(4,094)		(4,094)
Acquisition of 24,627 treasury shares					<u>\$(326)</u>	<u>(326)</u>
<b>February 4, 2001</b>	<b>27,428,108</b>	<b>27,428</b>	<b>118,755</b>	<b>122,704</b>	<b>(326)</b>	<b>268,561</b>
Net income				10,680		10,680
Minimum pension liability, net of tax					\$ (12,500)	<u>(12,500)</u>
Total comprehensive loss						<u>(1,820)</u>
Stock options exercised	218,064	218	2,627			2,845
Tax benefit from exercise of stock options			277			277
Cash dividends				<u>(4,136)</u>		<u>(4,136)</u>
<b>February 3, 2002</b>	<b><u>27,646,172</u></b>	<b><u>\$27,646</u></b>	<b><u>\$121,659</u></b>	<b><u>\$129,248</u></b>	<b><u>\$(12,500)</u></b>	<b><u>\$265,727</u></b>

See notes to consolidated financial statements.

F-5

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, except per share data)

#### Summary of Significant Accounting Policies

*Principles of Consolidation* - The consolidated financial statements include the accounts of the Company 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. Results for 2001 represent the 52 weeks ended February 3, 2002. Results for 2000 represent the 53 weeks ended February 4, 2001. Results for 1999 represent the 52 weeks ended January 30, 2000.

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

*Asset Impairments* - The Company records impairment losses on long-lived assets (including goodwill) 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. As explained in the note entitled "Accounting Pronouncement," beginning in 2002 the Company will test goodwill and other indefinitely lived intangible assets for impairment under the fair value approach prescribed in FASB Statement No. 142, "Goodwill and Other Intangible Assets".

*Inventories* - Inventories are stated at the lower of cost or market. Cost for certain apparel inventories of \$105,768 (2001) and \$134,331 (2000) is determined using the last-in, first-out method (LIFO). Cost for footwear and other apparel 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 and Other Intangible Assets* - Included in goodwill and other intangible assets is goodwill of \$94,742 and \$95,117 in 2001 and 2000, respectively, net of accumulated amortization of \$17,316 and \$13,942 in 2001 and 2000, respectively. Goodwill and other intangible assets are amortized principally using the straight line method over 40 years. As explained in the note entitled "Accounting Pronouncement," beginning in 2002 the Company will no longer amortize goodwill and other indefinitely lived intangible assets.

F-6

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Summary of Significant Accounting Policies (Continued)

*Contributions from Landlords* - The Company receives contributions from landlords primarily for opening retail stores which the Company leases from the landlords. 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, the Company estimates that the fair value of all financial instruments approximates their carrying value, except as noted in the note entitled "Long-Term Debt".

*Stock-Based Compensation* - The Company 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

\$33,132 (2001), \$34,773 (2000) and \$26,922 (1999).

#### Accounting Pronouncement

In June 2001, the Financial Accounting Standards Board issued FASB Statement No. 142, "Goodwill and Other Intangible Assets". FASB Statement No. 142 changes the accounting for goodwill and intangible assets deemed to have indefinite lives from an amortization method to an impairment-only approach based on fair value. The Company is adopting this Statement in 2002. Amortization of goodwill and other indefinitely lived intangible assets in 2001 was \$3,842, of which \$3,374 related to goodwill and \$468 related to indefinitely lived intangible assets. The Company has not yet completed the transitional impairment tests required under this Statement.

#### Earnings Per Share

The Company computed its basic and diluted earnings per share by dividing net income by:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Weighted Average Common Shares Outstanding for Basic Earnings Per Share	27,595,111	27,305,450	27,288,692
Impact of Dilutive Employee Stock Options	451,706	110,499	14,103
Total Shares for Diluted Earnings Per Share	<u>28,046,817</u>	<u>27,415,949</u>	<u>27,302,795</u>

F-7

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Income Taxes

Income taxes consist of:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Federal:			
Current		\$ 7,200	
Deferred	\$4,284	8,324	\$6,870
State, foreign and local:			
Current	852	1,030	814
Deferred	<u>872</u>	<u>1,561</u>	<u>1,323</u>
	<u>\$6,008</u>	<u>\$18,115</u>	<u>\$9,007</u>

The current Federal tax provision in 2000 related to estimated alternative minimum tax.

Taxes paid were \$1,454 (2001), \$8,248 (2000) and \$1,135 (1999).

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

	<u>2001</u>	<u>2000</u>
Depreciation and amortization	\$(15,213)	\$(12,010)
Landlord contributions	791	1,602
Employee compensation and benefits	14,093	15,928
Tax loss and credit carryforwards	33,040	30,276
Minimum pension liability	7,700	
Other-net	<u>8,878</u>	<u>13,192</u>
	<u>\$ 49,289</u>	<u>\$ 48,988</u>

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Statutory 35% federal tax	\$ 5,841	\$16,875	\$ 9,058
State, foreign and local income taxes, net of Federal income tax benefit	1,019	1,415	1,391
Tax exempt income of Puerto Rico			
Subsidiaries			(1,874)
Other-net	<u>(852)</u>	<u>(175)</u>	<u>432</u>
Income tax expense	<u>\$ 6,008</u>	<u>\$18,115</u>	<u>\$ 9,007</u>

F-8

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Inventories

Inventories are summarized as follows:

	<u>2001</u>	<u>2000</u>
Raw materials	\$ 4,294	\$ 12,514
Work in process	3,104	9,622
Finished goods	<u>226,306</u>	<u>250,899</u>
	<u>\$233,704</u>	<u>\$273,035</u>

Inventories would have been approximately \$5,100 higher than reported at February 4, 2001 if the FIFO method of inventory accounting had been used for all apparel. At February 3, 2002, no LIFO reserve is recorded because the combination of the liquidation of certain LIFO inventories resulting from the exiting of Central America manufacturing facilities and reduced overall prices resulted in LIFO cost approximating FIFO cost. Partially offsetting the reduction of the LIFO reserve in 2001 is an increase of approximately \$3,900 of reserves recorded for LIFO inventories.

#### Property, Plant and Equipment

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

	Estimated Useful <u>Lives</u>	<u>2001</u>	<u>2000</u>
Land		\$ 1,139	\$ 1,139
Buildings and building improvements	15-40 years	25,389	24,500
Machinery and equipment, furniture and fixtures and leasehold improvements	3-15 years	<u>277,380</u>	<u>252,804</u>
		<u>303,908</u>	278,443
Less: Accumulated depreciation and amortization		<u>168,091</u>	<u>154,848</u>
		<u>\$135,817</u>	<u>\$123,595</u>

#### Long-Term Debt

Long-term debt is as follows:

<u>2001</u>	<u>2000</u>
-------------	-------------

0.50% Senior Subordinated Notes

\$110,451	\$110,070
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**PHILLIPS-VAN HEUSEN CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)****Long-Term Debt (Continued)**

The Company 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, the Company estimates that the fair value of these Debentures on February 3, 2002, using discounted cash flow analyses, was approximately \$80,100.

The Company issued \$150,000 of 9.50% Senior Subordinated Notes due 2008 on April 22, 1998 with a yield to maturity of 9.58%. Interest is payable semi-annually. Based on current market conditions, the Company estimates that the fair value of these Notes on February 3, 2002, using discounted cash flow analyses, was approximately \$147,600. In connection with the Notes, the Company must maintain, among other things, a certain cash flow coverage ratio in order to make restricted payments, as defined in the note agreement, including cash dividends.

The Company's \$325,000 Credit Facility includes a revolving credit facility which allows the Company, 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. However, the aggregate maximum amount outstanding under both the revolving credit facility and the letter of credit facility cannot exceed \$325,000. Interest is payable quarterly at a spread over LIBOR or the prime rate, at the Company's option, with the spread based on the Company'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 the Company's assets have been pledged as collateral.

The amount outstanding under the letter of credit facility as of February 3, 2002 was \$134,063.

Interest paid was \$24,805 (2001), \$23,818 (2000) and \$22,647 (1999).

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

**PHILLIPS-VAN HEUSEN CORPORATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)****Stockholders' Equity (Continued)**

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").

If the Company 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 the Company is not the surviving corporation in a merger or other business combination, or more than 50% of the Company'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, the Company may redeem the Rights in whole, but not in part, at a price of \$.05 per Right. The rights are currently scheduled to expire on June 16, 2006.

*Stock Options* - Under the Company's stock option plans, non-qualified and incentive stock options ("ISOs") may be granted. Options are granted with an exercise price equal to the closing price of the common stock on the trading date immediately preceding the date of grant. ISOs and non-qualified options granted have a ten year duration. Depending upon which plan options have been granted under, options are cumulatively exercisable in either three installments commencing three years after the date of grant or in four installments commencing one year after the date of grant.

Under APB Opinion No. 25, the Company 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, the Company estimated the fair value of stock options granted since 1995 at the date of grant using the Black-Scholes option pricing model, and the estimated fair value of the options is then amortized to expense over the options' vesting period.

F-11

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Stockholders' Equity (Continued)

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Risk-free interest rate	5.30%	6.52%	5.78%
Expected option life	7 Years	7 Years	7 Years
Expected volatility	30.7%	30.0%	28.1%
Expected dividends per share	\$ 0.15	\$ 0.15	\$ 0.15
Weighted average estimated fair value per share of options granted	\$ 5.17	\$ 3.62	\$ 3.50
Proforma net income	\$ 7,682	\$27,601	\$14,789
Proforma basic and diluted net income per share	\$ 0.28	\$ 1.01	\$ 0.54

Other data with respect to stock options follows:

	<u>Shares</u>	<u>Option Price Per Share</u>	<u>Weighted Average Price Per Share</u>
Outstanding at January 31, 1999	3,125,573	\$ 6.38 -	\$31.63
Granted	725,750	7.50 -	9.94
Exercised	1,884	8.75 -	8.75
Cancelled	<u>280,992</u>	<u>8.06 -</u>	<u>15.13</u>
Outstanding at January 30, 2000	3,568,447	6.38 -	31.63
Granted	868,900	9.00 -	13.19
Exercised	138,239	6.38 -	10.25
Cancelled	<u>282,105</u>	<u>7.31 -</u>	<u>14.75</u>
<b>Outstanding at February 4, 2001</b>	<b>4,017,003</b>	<b>6.81 -</b>	<b>31.63</b>
Granted	<u>921,600</u>	<u>9.65 -</u>	<u>17.40</u>
Exercised	<u>218,064</u>	<u>9.38 -</u>	<u>14.75</u>
Cancelled	<u>314,850</u>	<u>9.00 -</u>	<u>16.50</u>
<b>Outstanding at February 3, 2002</b>	<b>4,405,689</b>	<b>\$ 6.81 -</b>	<b>\$31.63</b>

Of the outstanding options at February 3, 2002, 1,782,180 shares have an exercise price below \$13.06, 2,600,089 shares have an exercise price from \$13.06 to \$14.75 and 23,420 shares have an exercise price above \$14.75. The weighted average remaining contractual life for all options outstanding at February 3, 2002 is 6.8 years.

Of the outstanding options at February 3, 2002 and February 4, 2001, options covering 1,705,585 and 1,150,941 shares were exercisable at a weighted average price of \$12.84 and \$13.81, respectively. Stock options available for grant at February 3, 2002 and February 4, 2001 amounted to 1,686,792 and 2,440,572 shares, respectively.

F-12

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**Leases**

The Company leases retail stores, manufacturing facilities, warehouses, 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 February 3, 2002, minimum annual rental commitments under non- cancellable operating leases, including leases for new retail stores which had not begun operating at February 3, 2002, are as follows:

2002	\$ 60,254
2003	48,225
2004	36,612
2005	24,344
2006	16,618
Thereafter	<u>42,824</u>
Total minimum lease payments	<u>\$228,877</u>

Rent expense is as follows:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Minimum	<u>\$65,010</u>	\$60,919	\$59,954
Percentage and other	<u>11,138</u>	<u>10,299</u>	<u>9,222</u>
	<u>\$76,148</u>	<u>\$71,218</u>	<u>\$69,176</u>

**Retirement and Benefit Plans**

The Company 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 the Company'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.

The Company 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.

**PHILLIPS-VAN HEUSEN CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**

**Retirement and Benefit Plans - (Continued)**

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

	<u>Pension Plans</u>		<u>Postretirement Plan</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Beginning of year	<u>\$135,167</u>	\$115,876	<u>\$35,490</u>	\$31,544
Service cost	<u>2,837</u>	2,209	<u>669</u>	478
Interest cost	<u>10,474</u>	9,704	<u>2,677</u>	2,633
Benefit payments, net	<u>(7,651)</u>	(8,012)	<u>(2,584)</u>	(2,633)
Actuarial loss	<u>4,115</u>	9,254	<u>1,156</u>	2,735
Plan amendments	<u>4,018</u>	<u>6,136</u>		<u>733</u>
End of year	<u>\$148,960</u>	<u>\$135,167</u>	<u>\$37,408</u>	<u>\$35,490</u>

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

	<u>2001</u>	<u>2000</u>
Beginning of year	\$136,601	\$144,018
Actual return	(6,784)	(177)
Benefits paid	(7,651)	(8,012)
Company contributions	<u>1,021</u>	<u>772</u>
End of year	<u>\$123,187</u>	<u>\$136,601</u>

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

	<u>Pension Plans</u>			<u>Postretirement Plan</u>		
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Service cost, including expenses	\$ 2,997	\$ 2,369	\$ 2,713	\$ 669	\$ 478	\$ 463
Interest cost	10,474	9,704	8,921	2,677	2,633	2,381
Amortization of net (gain) loss	112	(1,243)	140	339	163	448
Amortization of transition (asset) obligation	(40)	(46)	(63)	273	273	273
Expected return on plan assets	(11,949)	(12,628)	(11,441)			
Amortization of prior service cost	<u>2,140</u>	<u>1,453</u>	<u>437</u>	<u>104</u>	<u>104</u>	
	<u>\$ 3,734</u>	<u>\$ (391)</u>	<u>\$ 707</u>	<u>\$4,062</u>	<u>\$3,651</u>	<u>\$3,565</u>

F-14

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Retirement and Benefit Plans - (Continued)

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:

	<u>Pension Plans</u>		<u>Postretirement Plan</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Benefit obligation at year-end	\$148,960	\$135,167	\$37,408	\$35,490
Unrecognized prior service cost	(7,361)	(5,484)	(525)	(629)
Unrecognized losses	(29,004)	(2,010)	(8,073)	(7,262)
Unrecognized transition asset (obligation)	21	61	(3,005)	(3,278)
Minimum pension liability	20,200			
Plan assets at fair value	<u>(123,187)</u>	<u>(136,601)</u>		
(Asset) liability recognized on the balance sheet	<u>\$ 9,629</u>	<u>\$ (8,867)</u>	<u>\$25,805</u>	<u>\$24,321</u>

Included in the above disclosures are certain pension plans with projected and accumulated benefit obligations in excess of plan assets of \$20,777 and

\$15,190, respectively, as of February 3, 2002, and \$7,629 and \$5,932, respectively, as of February 4, 2001. The minimum pension liability recorded at February 3, 2002 relates to a specific plan with an underfunded accumulated benefit obligation.

The health care cost trend rate assumed for 2002 is 8.0% and is assumed to decrease by 0.5% per year through 2008. Thereafter, the rate assumed is 5.0%. 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 2001 and on the postretirement benefit obligation at February 3, 2002 would be as follows:

	<u>1% Increase</u>	<u>1% Decrease</u>
Impact on service and interest cost	\$ 231	\$ (273)
Impact on year-end benefit obligation	\$2,547	\$(3,115)

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:

	<u>2001</u>	<u>2000</u>
Discount rate	7.50%	7.75%
Rate of increase in compensation levels (applies to pension plans only)	4.00%	4.25%
Long-term rate of return on assets	9.00%	9.00%

F-15

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Retirement and Benefit Plans - (Continued)

The Company 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 the Company, the participant has been in the plan for at least 10 years and has attained age 55. At February 3, 2002 and February 4, 2001, \$13,053 and \$11,685, respectively, are included in other liabilities as the accrued cost of this plan.

The Company has a savings and retirement plan and a supplemental savings plan for the benefit of its eligible employees who elect to participate. The Company matches a portion of employee contributions to the plans. Matching contributions were \$3,082 (2001), \$2,608 (2000) and \$2,488 (1999).

#### Acquisitions and Dispositions

Effective February 2, 2001, the Company acquired from Coats Viyella plc the rights to the Van Heusen trademark in the parts of the world where the Company did not previously have such rights. The purchase price and related fees were \$18,700. This amount was recorded in goodwill and other intangible assets.

On July 24, 2000, the Company entered into a license to market dress shirts and sportswear under the Arrow brand and acquired the license to market dress shirts under the Kenneth Cole brand. These transactions were accounted for as an acquisition using the purchase method of accounting. In connection with these transactions, the Company acquired \$61,765 of net assets (principally inventory), including \$16,932 of goodwill. The goodwill is being amortized over 17 years.

On November 3, 1999, the Company announced it had entered into agreements with Oxford Industries, Inc. to license the Izod Club trademark and sell substantially all of the related assets of the Company's Izod Club division. The Company closed its Izod Club division in the fourth quarter of 1999, incurring \$5,667 of expenses, principally for severance pay and other employee termination costs.

On March 12, 1999, the Company entered into a license agreement to market dress shirts under the John Henry and Manhattan brands. In connection therewith, the Company acquired \$17,212 of inventory from the licensor. The Company has since determined to cease marketing Manhattan in 2000 and John Henry in 2001.

On February 26, 1999, the Company sold the Gant trademark and certain related assets associated with the Company's Gant operations for \$71,000 in cash to Gant AB, formerly known as Pyramid Sportswear AB, which was the brand's international licensee. Gant AB is a wholly-owned subsidiary of Gant Company AB, in which the Company has a 19% minority interest, which as of February 3, 2002, has a carrying amount of approximately \$13,000. Subsequent to February 26, 1999, the Company terminated its Gant operations in order to liquidate Gant's working capital and close its Gant division. The

F-16

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Acquisitions and Dispositions (Continued)

Company completed this process in the fourth quarter of 1999, at which time the Company determined that the proceeds exceeded the costs of exiting the Gant business, including the write-off of related goodwill and other assets, by \$5,767.

The gain on the sale of the Gant assets and the expenses incurred in closing the Izod Club division were included in selling, general and administrative expenses in 1999.

#### Restructuring and Other Charges

In the fourth quarter of 2001, the Company recorded restructuring and other charges of \$21,000 related to streamlining certain corporate and divisional operations, exiting three dress shirt manufacturing facilities and liquidating related dress shirt inventories.

The cost components of the charges are as follows:

Termination benefits for approximately 1,200 employees	\$ 8,900
Inventory liquidations included in cost of goods sold	5,400
Lease terminations and other exit obligations	5,200
Asset write-offs	<u>1,500</u>
	<u>\$21,000</u>



Other than inventory liquidations which were charged to cost of goods sold, all of the charges are included in selling, general and administrative expenses.

During 2001, the Company charged approximately \$9,900 to this reserve, of which \$5,400 related to inventory liquidations. As of February 3, 2002, approximately \$11,100 remains in this reserve.

#### Segment Data

The Company 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, the Company evaluated its operating divisions and product offerings. The Company aggregates the results of its apparel divisions into the Apparel segment, which derives revenues from marketing dress shirts, sportswear and accessories, principally under the brand names Van Heusen, Izod, Geoffrey Beene, DKNY, Arrow and Kenneth Cole. The Company's footwear business has been identified as the Footwear and Related Products segment. This segment derives revenues from marketing casual footwear, apparel and accessories under the Bass brand name.

F-17

## PHILLIPS-VAN HEUSEN CORPORATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

#### Segment Data (Continued)

Sales for both segments occur principally in the United States.

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Net Sales			
Apparel	<b>\$1,061,412</b>	\$1,071,029	\$ 885,792
Footwear and Related Products	<b><u>370,480</u></b>	<u>384,519</u>	<u>385,698</u>
Total Net Sales	<b><u>\$1,431,892</u></b>	<u>\$1,455,548</u>	<u>\$1,271,490</u>
Operating Income			
Apparel(1)	<b>\$ 44,990</b>	\$ 74,935	\$ 55,626
Footwear and Related Products(1)	<b><u>19,525</u></b>	<u>17,753</u>	<u>18,687</u>
Total Operating Income(1)	<b>64,515</b>	92,688	74,313
Corporate Expenses	<b>(23,376)</b>	(22,151)	(26,003)
Interest Expense, net	<b>(24,451)</b>	(22,322)	(22,430)
Income Before Taxes	<b><u>\$ 16,688</u></b>	<u>\$ 48,215</u>	<u>\$ 25,880</u>
Identifiable Assets			
Apparel	<b>\$ 376,747</b>	\$ 430,868	\$ 313,020
Footwear and Related Products	<b>121,734</b>	122,180	122,400
Corporate	<b><u>210,452</u></b>	<u>171,316</u>	<u>238,328</u>
	<b><u>\$ 708,933</u></b>	<u>\$ 724,364</u>	<u>\$ 673,748</u>
Depreciation and Amortization			
Apparel	<b>\$ 18,034</b>	\$ 13,258	\$ 11,846
Footwear and Related Products	<b>6,049</b>	5,370	6,325
Corporate	<b><u>1,651</u></b>	<u>1,423</u>	<u>1,246</u>
	<b><u>\$ 25,734</u></b>	<u>\$ 20,051</u>	<u>\$ 19,417</u>
Identifiable Capital Expenditures			
Apparel	<b>\$ 21,122</b>	\$ 20,041	\$ 20,380
Footwear and Related Products	<b>9,416</b>	10,147	8,383
Corporate	<b><u>2,868</u></b>	<u>1,710</u>	<u>2,528</u>
	<b><u>\$ 33,406</u></b>	<u>\$ 31,898</u>	<u>\$ 31,291</u>

(1) Operating income in 2001 includes \$21,000 of restructuring and other charges, of which \$19,000 relates to the Apparel segment and \$2,000 relates to the Footwear and Related Products segment.

#### Other Comments

One of the Company's directors, Mr. Harry N.S. Lee, is a director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong. During 2001, 2000 and 1999, the Company purchased approximately \$2,681, \$2,834 and \$13,429, 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 opinions of legal counsel, will not have a material adverse effect on the Company's financial position.

During each of 2001, 2000 and 1999, the Company paid four \$0.0375 per share cash dividends on its common stock.

F-18

## PHILLIPS-VAN HEUSEN CORPORATION

### SELECTED QUARTERLY FINANCIAL DATA - UNAUDITED

(In thousands, except per share data)

	<u>1st Quarter</u>		<u>2nd Quarter</u>		<u>3rd Quarter</u>		<u>4th Quarter</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001(1)</u>	<u>2000(2)</u>
Net sales	\$366,923	\$310,310	\$334,378	\$327,832	\$405,002	\$443,374	\$325,589	\$374,032
Gross profit	121,708	106,243	119,784	116,101	143,754	149,732	120,984	133,296
Net income (loss)	564	(1,911)	6,974	6,009	12,607	19,440	(9,465)	6,562
Basic net income (loss) per share	0.02	(0.07)	0.25	0.22	0.46	0.71	(0.34)	0.24
Diluted net income (loss) per share	0.02	(0.07)	0.25	0.22	0.45	0.71	(0.34)	0.24
Price range of common stock per share								
High	17.00	8.31	18.74	10.50	14.87	12.25	13.00	14.07
Low	12.70	5.81	11.70	7.50	8.32	8.38	8.45	11.00

(1) The fourth quarter of 2001 includes restructuring and other charges of \$21,000.

(2) The fourth quarter of 2000 includes 14 weeks of operations.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of February 3, 2002 and February 4, 2001, and the related consolidated income statements, changes in stockholders' equity, and cash flows for each of the three years in the period ended February 3, 2002. Our audits also included the financial statement schedule included in Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 February 3, 2002 and February 4, 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 3, 2002 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

E&amp;Y SIGNATURE STAMP

New York, New York

March 4, 2002

F-20

## PHILLIPS-VAN HEUSEN CORPORATION

### TEN YEAR FINANCIAL SUMMARY

(In thousands, except per share data, percents and ratios)

	<u>2001(1)</u>	<u>2000(2)</u>	<u>1999</u>	<u>1998</u>	<u>1997(3)</u>
<b>Summary of Operations</b>					
Net sales					
Apparel	\$1,061,412	\$1,071,029	\$ 885,792	\$ 896,863	\$ 911,047
Footwear and Related Products	<u>370,480</u>	<u>384,519</u>	<u>385,698</u>	<u>406,222</u>	<u>438,960</u>
	1,431,892	1,455,548	1,271,490	1,303,085	1,350,007
Cost of goods sold and expenses	<u>1,390,753</u>	<u>1,385,011</u>	<u>1,223,180</u>	<u>1,259,600</u>	<u>1,437,160</u>
Income (loss) before interest, taxes					
and extraordinary item	41,139	70,537	48,310	43,485	(87,153)
Interest expense, net	24,451	22,322	22,430	26,112	20,672
Income tax expense (benefit)	<u>6,008</u>	<u>18,115</u>	<u>9,007</u>	<u>4,486</u>	<u>(41,246)</u>
Income (loss) before extraordinary item	10,680	30,100	16,873	12,887	(66,579)
Extraordinary loss, net of tax				<u>(1,060)</u>	
Net income (loss)	<u>\$ 10,680</u>	<u>\$ 30,100</u>	<u>\$ 16,873</u>	<u>\$ 11,827</u>	<u>\$ (66,579)</u>
<b>Per Share Statistics</b>					
Basic Earnings Per Share:					
Before extraordinary item	\$ 0.39	\$ 1.10	\$ 0.62	\$ 0.47	\$ (2.46)
Extraordinary loss				<u>(0.04)</u>	
Net income (loss)	<u>\$ 0.39</u>	<u>\$ 1.10</u>	<u>\$ 0.62</u>	<u>\$ 0.43</u>	<u>\$ (2.46)</u>
Diluted Earnings Per Share:					
Before extraordinary item	\$ 0.38	\$ 1.10	\$ 0.62	\$ 0.47	\$ (2.46)
Extraordinary loss				<u>(0.04)</u>	

Net income (loss)	<u>\$ 0.38</u>	<u>\$ 1.10</u>	<u>\$ 0.62</u>	<u>\$ 0.43</u>	<u>\$ (2.46)</u>
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Stockholders' equity per share	9.62	9.80	8.86	8.39	8.11

#### Financial Position

Current assets	<u>\$ 405,300</u>	\$ 436,381	\$ 425,970	\$ 368,017	\$ 385,018
Current liabilities	<u>114,358</u>	138,095	124,580	132,686	133,335
Working capital	<u>290,942</u>	298,286	301,390	235,331	251,683
Total assets	<u>708,933</u>	724,364	673,748	674,313	660,459
Long-term debt	<u>248,935</u>	248,851	248,784	248,723	241,004
Stockholders' equity	<u>265,727</u>	268,561	241,685	228,888	220,305

#### Other Statistics

Total debt to total capital (6)	<u>48.4%</u>	48.1%	50.7%	54.0%	53.0%
Net debt to net capital (7)	<u>43.6%</u>	46.0%	38.9%	53.0%	51.8%
Current ratio	<u>3.5</u>	3.2	3.4	2.8	2.9
Average shares outstanding	<u>27,595</u>	27,305	27,289	27,218	27,108

(1) 2001 includes pre-tax charges of \$21,000 for restructuring and other expenses.

(2) 2000 and 1996 include 53 weeks of operations.

(3) 1997 includes pre-tax charges of \$132,700 for restructuring and other expenses.

(4) 1995 includes pre-tax charges of \$27,000 for restructuring and other expenses.

(5) 1994 includes pre-tax charges of \$7,000 for restructuring and other expenses.

(6) Total capital equals interest-bearing debt and stockholders' equity.

(7) Net debt and net capital are total debt and total capital reduced by cash.

F-21

## PHILLIPS-VAN HEUSEN CORPORATION

### TEN YEAR FINANCIAL SUMMARY (CONTINUED)

	<u>1996(2)</u>	<u>1995(4)</u>	<u>1994(5)</u>	<u>1993</u>	<u>1992</u>
<b>Summary of Operations</b>					
Net sales					
Apparel	\$ 897,370	\$1,006,701	\$ 812,993	\$ 757,452	\$ 709,361
Footwear and Related Products	<u>462,223</u>	<u>457,427</u>	<u>442,473</u>	<u>394,942</u>	<u>333,204</u>
	1,359,593	1,464,128	1,255,466	1,152,394	1,042,565
Cost of goods sold and expenses	<u>1,311,855</u>	<u>1,443,555</u>	<u>1,205,764</u>	<u>1,072,083</u>	<u>972,357</u>
Income (loss) before interest, taxes					
and extraordinary item	47,738	20,573	49,702	80,311	70,208
Interest expense, net	23,164	23,199	12,793	16,679	15,727
Income tax expense (benefit)	<u>6,044</u>	<u>(2,920)</u>	<u>6,894</u>	<u>20,380</u>	<u>16,600</u>
Income (loss) before extraordinary item	18,530	294	30,015	43,252	37,881
Extraordinary loss, net of tax				<u>(11,394)</u>	
Net income (loss)	<u>\$ 18,530</u>	<u>\$ 294</u>	<u>\$ 30,015</u>	<u>\$ 31,858</u>	<u>\$ 37,881</u>
<b>Per Share Statistics</b>					
Basic Earnings Per Share:					
Before extraordinary item	\$ 0.69	\$ 0.01	\$ 1.13	\$ 1.66	\$ 1.50
Extraordinary loss				<u>(0.44)</u>	
Net income (loss)	<u>\$ 0.69</u>	<u>\$ 0.01</u>	<u>\$ 1.13</u>	<u>\$ 1.22</u>	<u>\$ 1.50</u>
Diluted Earnings Per Share:					
Before extraordinary item	\$ 0.68	\$ 0.01	\$ 1.11	\$ 1.60	\$ 1.42
Extraordinary loss				<u>(0.42)</u>	
Net income (loss)	<u>\$ 0.68</u>	<u>\$ 0.01</u>	<u>\$ 1.11</u>	<u>\$ 1.18</u>	<u>\$ 1.42</u>
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Stockholders' equity per share	10.73	10.20	10.35	9.33	8.14
<b>Financial Position</b>					
Current assets	\$ 362,958	\$ 444,664	\$ 429,670	\$ 418,702	\$ 410,522
Current liabilities	122,266	183,126	114,033	109,156	115,208
Working capital	240,692	261,538	315,637	309,546	295,314
Total assets	657,436	749,055	596,284	554,771	517,362
Long-term debt	189,398	229,548	169,679	169,934	170,235
Stockholders' equity	290,158	275,292	275,460	246,799	211,413
<b>Other Statistics</b>					
Total debt to total capital (6)	43.1%	52.3%	38.2%	40.8%	46.8%
Net debt to net capital (7)	41.7%	50.8%	24.5%	29.3%	34.0%
Current ratio	3.0	2.4	3.8	3.8	3.6
Average shares outstanding	27,004	26,726	26,563	26,142	23,766

(1) 2001 includes pre-tax charges of \$21,000 for restructuring and other expenses.

(2) 2000 and 1996 include 53 weeks of operations.

(3) 1997 includes pre-tax charges of \$132,700 for restructuring and other expenses.

(4) 1995 includes pre-tax charges of \$27,000 for restructuring and other expenses.

(5) 1994 includes pre-tax charges of \$7,000 for restructuring and other expenses.

(6) Total capital equals interest-bearing debt and stockholders' equity.

(7) Net debt and net capital are total debt and total capital reduced by cash.

F-22

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expense	Charged to Other Accounts	Deductions	Balance at End of Period
<b>Year Ended February 3, 2002</b>					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$2,051	\$ 829(a)	\$ 76(b)	\$ 460(c)	\$2,496
<b>Year Ended February 4, 2001</b>					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$2,305	\$ 415(a)	\$ 178(b)	\$ 847(c)	\$2,051
<b>Year Ended January 30, 2000</b>					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$1,367	\$1,130(a)	\$ 271(b)	\$ 463(c)	\$2,305

(a) Provisions for doubtful accounts.

(b) Recoveries of doubtful accounts previously written off.

(c) Primarily uncollectible accounts charged against the allowance provided.

AMENDMENT NO. 4 dated as of December 4, 2001 (this "Amendment"), to the Credit Agreement dated as of April 22, 1998 (as amended, supplemented or otherwise modified by Amendment No. 1 thereto, dated as of November 17, 1998, Consent, Waiver and Amendment No. 2 thereto, dated as of February 23, 1999 and Amendment No. 3 thereto, dated as of August 23, 2000, the "Credit Agreement"), among Phillips-Van Heusen Corporation (the "Borrower"), the lenders named therein (the "Lenders"), The Chase Manhattan Bank, as swingline lender (in such capacity, the "Swingline Lender"), 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 have extended and agreed to extend credit to the Borrower on the terms and subject to the conditions set forth therein. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement as amended hereby.

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.

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:

2

SECTION 1. Amendment to Section 1.01 of the Credit Agreement.

(a) The definition of the term "Consolidated EBITDA" in Section 1.01 of the Credit Agreement is hereby amended by (i) replacing the word "and" at the end of clause (e) thereof with a comma and (ii) adding the following text immediately after the text "in accordance with GAAP" in clause (f) thereof:

and (g) a one time, non-recurring restructuring charge not to exceed \$21,000,000 taken or to be taken in fiscal year 2001

(b) The definition of the term "Hedging Agreement" in Section 1.01 of the Credit Agreement is hereby amended by deleting the definition set forth therein, and substituting therefor the following definition:

"Hedging Agreement" means all Currency and Commodity Hedging Agreements and all Interest Rate Hedging Agreements.

(c) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definitions in appropriate alphabetical order:

"Currency and Commodity Hedging Agreement" means any foreign currency exchange agreement, commodity price protection agreement or other currency exchange rate or commodity price hedging arrangement.

"Interest Rate Hedging Agreement" means any interest rate protection agreement or other interest rate hedging arrangement.

SECTION 2. Amendment to Section 6.07 of the Credit Agreement. Section 6.07 of the Credit Agreement is hereby amended to read in its entirety as follows:

3

SECTION 6.07. Hedging Agreements. The Borrower will not, and will not permit any of the Subsidiaries to, enter into any Hedging Agreement, other than (a)(i) Currency and Commodity Hedging Agreements and (ii) Interest Rate Hedging

Agreements that have the effect of converting the interest rate on the associated Indebtedness from a floating rate to a fixed rate, in each case entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities; and

(b) Interest Rate Hedging Agreements with respect to no more than \$50,000,000 of the Borrower's long-term Indebtedness, that have the effect of converting the interest rate on such long-term Indebtedness from a fixed rate to a floating rate.

SECTION 3. Amendment to Section 6.12 of the Credit Agreement. Section 6.12 of the Credit Agreement is hereby amended by deleting the amounts opposite the fiscal years "February 1, 2001 - January 31, 2002" and "February 1, 2002 -- January 31, 2003" therein, and inserting in their places the amounts "\$36,200,000" and "\$36,500,000", respectively.

SECTION 4. Amendment to Section 6.13 of the Credit Agreement. Section 6.13 of the Credit Agreement is hereby amended by deleting the row designated "Thereafter" in the table therein, and inserting in its place the following rows:

November 5, 2001 -- August 4, 2002	3.60 to 1.00
August 5, 2002 -- February 2, 2003	3.25 to 1.00
Thereafter	3.00 to 1.00

SECTION 5. Amendment to Section 6.14 of the Credit Agreement. Section 6.14 of the Credit Agreement is hereby amended by deleting the row designated "Thereafter" in the table therein, and inserting in its place the following rows:

November 5, 2001 -- August 4, 2002	3.10 to 1.00
August 5, 2002 -- February 2, 2003	3.40 to 1.00
Thereafter	3.75 to 1.00

4

SECTION 6. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Borrower represents and warrants to each other party hereto that, after giving effect to this Amendment, (a) the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date and (b) no Default or Event of Default has occurred and is continuing.

SECTION 7. Amendment Fee. In consideration of the agreements of the Required Lenders contained in this Amendment, the Borrower agrees to pay to the Administrative Agent, for the account of each Lender that delivers an executed counterpart of this Amendment prior to 5:00 p.m., New York City time, on December 4, 2001, an amendment fee (the "Amendment Fee") equal to 0.20% of the aggregate amount of (i) the outstanding Loans of such Lender, (ii) such Lender's Applicable Percentage of the aggregate LC Exposure and the aggregate outstanding Swingline Loans and (iii) such Lender's unused Commitment, in each case on the date hereof; provided that no Amendment Fee shall be payable unless this Amendment becomes effective in accordance with its terms.

SECTION 8. 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 Administrative Agent shall have received, for the benefit of each Lender described in Section 7 above, the Amendment Fee.

SECTION 9. 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 10. Loan Document. This Amendment shall be a Loan Document for all purposes.

5

SECTION 11. Expenses. The Borrower agrees to pay the reasonable fees, disbursements and other charges of Cravath, Swaine & Moore, counsel to the Administrative Agent, incurred in connection with the preparation of this Amendment.

SECTION 12. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 13. Applicable Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 14. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

6

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

PHILLIPS-VAN HEUSEN CORPORATION,  
as Borrower,

by

/s/ Pamela N. Hootkin

Name: Pamela N. Hootkin

Title: Vice President

JPMORGAN CHASE BANK,  
individually and as  
Administrative Agent,  
Swingline Lender 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/ Marc Merlino

Name: Marc Merlino

Title: Director

PPM FINANCE, INC.,

by

/s/ Robert J. O'Rourke

Name: Robert J. O'Rourke

Title: Managing Director,  
Commercial Finance



FLEET NATIONAL BANK,

by

/s/ Kathleen Dimolk

Name: Kathleen Dimolk

Title: Director

BANK LEUMI USA,

by

/s/ John Koenigsberg

Name: John Koenigsberg

Title: First Vice President

by

/s/ Phyllis Rosenfeld

Name: Phyllis Rosenfeld

Title: Vice President

THE BANK OF NEW YORK,

by

/s/ James J. Ducey

Name: James J. Ducey

Title: Vice President

DZ BANK AG DEUTSCHE  
ZENTRAL-GENOSSENSCHAFTSBANK,  
FRANKFURT AM MAIN (successor  
by merger to DG BANK DEUTSCHE GENOSSENSCHAFTSBANK AG),

by

/s/ Bernd Henrik Franke

Name: Bernd Henrik Franke

Title: Vice President

by

/s/ Ronald Matossian

Name: Ronald Matossian

Title: Vice President

BANK OF AMERICA,

by

/s/ Chitt Swamidasan

Name: Chitt Swamidasan

Title: Principal

PNC BANK, NATIONAL ASSOCIATION,

by

/s/ Donald V. Davis

Name: Donald V. Davis

Title: Vice President

STANDARD CHARTERED BANK,

by

/s/ Alan Babcock

Name: Alan Babcock

Title: Senior Vice President

by

/s/ Joe Langlors

Name: Joe Langlors

Title: Vice President

UNION BANK OF CALIFORNIA, N.A.,

by

/s/ Theresa L. Rocha

Name: Theresa L. Rocha

Title: Vice President

GENERAL ELECTRIC CAPITAL  
CORPORATION,

by

/s/ William S. Richardson

Name: William S. Richardson

Title: Duly Authorized Signatory

## PHILLIPS-VAN HEUSEN CORPORATION

## SPECIAL SEVERANCE BENEFIT PLAN

As Amended as of March 7, 2002

1. PURPOSE.

The Plan is intended to induce the Participants to remain in the employ of the Company, notwithstanding any possible concern on their behalf as to the security of their employment with the Company in the event of a Change in Control, and to provide special benefits in recognition of the valuable services heretofore rendered by the Participants to the Company and in consideration of the Participants' remaining in the employ of the Company pursuant to a written contract or the terms of the Plan.

2. DEFINITIONS.

Affiliate - Any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person.

Board - The Board of Directors of PVH.

Change in Control - A Change in Control shall be deemed to occur upon (i) the election of one or more individuals to the Board which election results in one-third of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by three-fourths of the directors of PVH who have been directors of PVH for at least two years; (ii) the sale by PVH of all or substantially all of its assets to any Person, the

consolidation of PVH with any Person, the merger of PVH with any Person as a result of which merger PVH is not the surviving entity as a publicly held corporation; (iii) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by three-fourths of the directors of PVH who have been directors of PVH for at least two years; or (iv) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-half of the shares of PVH having voting power for the election of directors. Nothing contained in this definition shall limit or restrict the right of any director who is a Participant from participating in any discussions or voting on any matter referred to in this definition at any meeting of the Board. In addition to the foregoing and not in limitation thereof, a Change in Control with respect to Bruce Klatsky shall also mean (a) the failure of the Board duly to continue Mr. Klatsky as Chief Executive Officer and Chairman of the Board at all times prior to his retirement as an employee, (b) the appointment by the Board of an officer or the hiring by the Board of an employee with authority equal or superior to the authority of Mr. Klatsky at any time prior to his retirement as an employee, (c) the failure of the Company to compensate Mr. Klatsky at a rate of at least \$750,000 per year and maintain the other terms and conditions of his employment by the Company on no less than substantially the same basis as enjoyed by Mr. Klatsky in connection with his employment by the Company as of April 28, 1993 or (d) any notice to Mr. Klatsky pursuant to Section 8 that the Company intends to terminate the

2

Plan in its entirety or as to him or to amend the Plan in any manner which could adversely affect the rights of Mr. Klatsky under the Plan.

Code - The Internal Revenue Code of 1986 as in effect at the time with respect to which such term is used.

Company - PVH and all of the Subsidiaries.

Discharge for Cause - Discharge for Cause shall be deemed to occur only upon a good faith determination by the Board that the termination of the employment by the Company of a Participant is necessary by reason of (i) the commission by such Participant of any act which, if successfully prosecuted by the appropriate authorities, would constitute a felony under state or federal law; (ii) such Participant's embezzlement or intentional misappropriation of any property of the Company; or (iii) such Participant's having divulged, furnished or made accessible to anyone other than the Company, its directors, officers, employees, auditors and legal advisors, otherwise than in the regular course of the business of the Company, any confidential knowledge or information relating to the customers, employees, operations, financial condition, revenues or projections of the Company, other than information in the public domain which has not been improperly disclosed by such Participant. Such determination by the Board may be made only after reasonable written notice to such Participant from a member of the Board setting forth details of the allegations which may constitute Discharge for Cause and after an opportunity for such Participant, together with his counsel, to be heard by the Board.

Effective Marginal Tax Rate - The percentage equal to (i) the product of 1.03 and the highest tax rate set forth in section 1(a) of the Code (currently 39.6%), plus (ii) the highest

3

combined marginal state and local income tax rate to which the Participant with respect to whom such term is used shall be subject with respect to compensation income, minus (iii) the product of the tax rate set forth in clause (i) above and the tax rate set forth in clause (ii) above, plus (iv) the highest tax rate set forth in section 3111(b)(6) of the Code (currently 1.45%), plus (v) the highest tax rate set forth in section 4999(a) of the Code (currently 20%).

Parachute Indemnity Amount - The amount determined with respect to a Participant as follows:

- (i) There shall first be determined, after giving effect to the payment of such Participant's Primary Benefit but not to such Participant's Secondary Benefit, the aggregate of such Participant's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Code.

(ii) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Code.

(iii) The amount determined in accordance with the provisions of clause (ii) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus such Participant's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate and such product shall be such Participant's Parachute Indemnity Amount.

Participant - Each person designated by the Compensation Committee of the Board who shall be an officer of PVH, an officer of any of the Subsidiaries or any other key

4

employee of the Company. Any Participant who shall be a Participant at the time of a Change in Control shall remain a Participant until the earlier to occur of the expiration of two years following a Change in Control or the termination of such Participant's employment with the Company.

Person - An individual, partnership, firm, trust, corporation or other similar entity. When two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of PVH, such partnership, limited partnership, syndicate or group shall be deemed a "Person" for the purposes of the Plan.

Plan - The Phillips-Van Heusen Corporation Special Severance Benefit Plan.

Primary Benefit - Shall have the meaning accorded thereto in Section 5.

PVH - Phillips-Van Heusen Corporation, a Delaware corporation.

Secondary Benefit - Shall have the meaning accorded thereto in Section 5.

Subsidiary - Any Person of which a majority of the capital stock having voting power for the election of directors or other governing board is owned by PVH and/or one or more of the Subsidiaries.

Any term used in the Plan in the masculine gender shall include the feminine gender.

5

### 3. EMPLOYMENT COMMITMENT.

An employee of the Company shall not be designated as a Participant unless (a) such employee enters into an agreement with PVH or a Subsidiary that he will remain in the service of PVH or such Subsidiary for a period, subject to the terms of the Plan, of at least one year from the date of such agreement or (b) such employee is a party to a written contract of employment with PVH or a Subsidiary for a term extending at least one year from the date he is designated as a Participant. Such agreement may provide that the employee shall serve at the pleasure of PVH or such Subsidiary, and at such compensation as PVH or such Subsidiary shall reasonably determine from time to time, but not less than his compensation as in effect on the date of such agreement. Such agreement may also provide that it does not confer upon the employee any right to continue in the employ of PVH or such Subsidiary and that it does not interfere in any way with the right of PVH or such Subsidiary to terminate the employment of the employee at any time.

### 4. RIGHT TO TERMINATE EMPLOYMENT.

Notwithstanding the provisions of any agreement to the contrary, including without limitation an agreement required pursuant to Section 3, in the event of a Change in Control, each Participant shall have the right to terminate voluntarily his employment with the Company, with or without reason, within two years after the occurrence of such Change in Control by giving written notice of termination to PVH.

6

### 5. SPECIAL SEVERANCE BENEFITS.

Upon the voluntary termination of employment with the Company by any Participant within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of any Participant for any reason other than death or Discharge for Cause within two years after the occurrence of a Change in Control, PVH, or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to such Participant, in a lump sum immediately subsequent to the date of such termination, in addition to any compensation otherwise owed to such Participant at the time of such termination (under any contract, other plan or otherwise), (a) an amount (the "Primary Benefit") equal to the product of (i) three and (ii) the average annual cash compensation, including salary and bonuses, paid to and/or accrued with respect to such Participant during the two-year period preceding the date of such termination, or such portion of said period as such Participant shall have been employed by the Company, and (b) an amount (the "Secondary Benefit") equal to such Participant's Parachute Indemnity Amount; provided, however, that at the time of the designation of any employee of the Company as a Participant, the Compensation Committee may, in its sole and absolute discretion, by written notice to such Participant, reduce the Primary Benefit with respect to such Participant and thereafter from time to time the Compensation Committee may, in its sole and absolute discretion, by written notice to such Participant, increase the Primary Benefit, but in no event to an amount greater than the Primary Benefit provided for in this Section; provided, further, that at the time an employee of the Company shall be designated as a Participant, the Compensation Committee may, in its sole and absolute discretion, by written notice to such Participant, provide that, if such Participant shall have been an employee of the Company for less than two years preceding the date of his

7

termination, the Primary Benefit with respect to such Participant shall be the product of (I) three and (II) such amount as such Participant would have received had he served the Company for at least two years, using such assumptions as to total cash compensation that would have been paid to and/or accrued with respect to such Participant during such two years as the Compensation Committee may provide, or such lesser amount as

the Compensation Committee may determine. Upon the voluntary termination of employment with the Company by any Participant within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of any Participant for any reason other than death or Discharge for Cause within two years after the occurrence of a Change in Control, PVH, or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide, for the period of three years commencing on such termination of employment, medical, dental, life and disability insurance coverage for such Participant and the members of his family which is not less favorable to such Participant than the group medical, dental, life and disability insurance coverage carried by the Company for such Participant and the members of his family either immediately prior to such termination of employment or on the occurrence of such Change in Control, whichever is greater; provided, however, that the obligations set forth in this sentence shall terminate to the extent such Participant obtains comparable medical, dental, life and disability insurance coverage from any other employer during such three- year period, but such Participant shall not have any obligation to seek or accept employment during such three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. All payments made under the Plan to any Participant shall be subject to withholding and to such other deductions as shall at the

8

time of such payment be required under any income tax or other law, whether of the United States or any other jurisdiction.

#### 6. ADMINISTRATION.

The Plan shall be administered by the Compensation Committee appointed by the Board, which Committee shall consist of three or more individuals who shall serve at the pleasure of the Board. Subject to the provisions of the Plan, the Compensation Committee shall have the authority to interpret the Plan and to prescribe, amend and rescind rules and regulations relating to it. Any determination by the Compensation Committee in carrying out, administering or construing the Plan (including without limitation the designation of an individual as a Participant) made prior to a Change in Control shall be final and binding for all purposes upon PVH and all other interested Persons and their heirs, successors and personal representatives. The Board may from time to time appoint members of the Compensation Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Compensation Committee. The Board shall elect one of the Compensation Committee's members as its Chairman and the Compensation Committee shall hold its meetings at such times and places as it shall deem advisable. A majority of the members of the Compensation Committee shall constitute a quorum. All action by the Compensation Committee shall be taken by a majority of its members present at a meeting. Any action may be taken by a written instrument signed by a majority of the members of the Compensation Committee and action so taken shall be fully effective as if it had been taken by a vote of a majority of the members at a meeting duly called and held. The Board may appoint a Secretary for the Compensation Committee (who, if no other designation shall be made, shall be the Secretary of

9

PVH) and the Compensation Committee shall keep minutes of its meetings and shall make rules and regulations for the conduct of its business as it shall deem advisable.

#### 7. COSTS OF ENFORCEMENT.

In the event that, subsequent to a Change in Control, any Participant incurs any costs or expenses, including attorneys fees, in the enforcement of his rights under the Plan, then, unless PVH, or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, is wholly successful in defending against the enforcement of such rights, PVH, or such consolidated, surviving or transferee Person, shall promptly pay to such Participant all such costs and expenses.

#### 8. AMENDMENT OR TERMINATION.

The Board may amend or terminate the Plan in whole or in part at any time upon notice to all of the Participants; provided, however, that, subsequent to a Change in Control or during the period of 90 days prior to a Change in Control, no such amendment which could adversely affect the rights of any Participant nor any termination shall become effective until the expiration of two years following a Change in Control; provided further, however, that without limiting Mr. Klatsky's rights under the preceding proviso, no termination of the Plan and no amendment of the Plan in any manner which could adversely affect the rights of Mr. Klatsky under the Plan shall become effective until the expiration of 30 days following a notice to Mr. Klatsky of such termination or amendment. The Compensation Committee of the Board or the Board may at any time determine that a Participant shall no longer be a Participant under the Plan, and terminate the Plan with respect to such Participant; provided, however, that,

10

subsequent to a Change in Control or during the period of 90 days prior to a Change in Control, no such determination and termination shall become effective until the expiration of two years following a Change in Control; provided further, however, that without limiting Mr. Klatsky's rights under the preceding proviso, no such determination and termination with respect to Mr. Klatsky shall become effective until the expiration of 30 days following a notice to Mr. Klatsky of such determination and termination.

#### 9. NOTICES.

Any notice or other communication pursuant to the Plan intended for a Participant shall be deemed given when personally delivered to such Participant or sent to such Participant by registered or certified mail, return receipt requested, at such Participant's address as it appears on the records of the Company, or at such other address as such Participant shall have specified by notice to PVH in the manner herein provided. Any notice or other communication pursuant to the Plan intended for PVH shall be deemed given when personally delivered to the Secretary of PVH or sent to PVH by registered or certified mail, return receipt requested, attention of its Secretary, at 200 Madison Avenue, New York, New York 10016, or at such other address as PVH shall have specified by notice to the Participants in the manner herein provided.

#### 10. GOVERNING LAW.

The Plan shall be governed by the laws of the State of New York.



## PHILLIPS-VAN HEUSEN CORPORATION

## 1997 STOCK OPTION PLAN

(As Amended Through December 18, 2001)

1. Purpose. The purposes of the 1997 Stock Option Plan (the "Plan") are to induce certain individuals to remain in the employ, or to continue to serve as directors, of Phillips-Van Heusen Corporation (the "Company") and its present and future subsidiary corporations (each a "Subsidiary"), as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to attract new individuals to enter into such employment or service and to encourage such individuals to secure or increase on reasonable terms their stock ownership in the Company. The Board of Directors of the Company (the "Board") believes that the granting of stock options (the "Options") under the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success. Options granted hereunder are intended to be either (a) "incentive stock options" (which term, when used herein, shall have the meaning ascribed thereto by the provisions of Section 422(b) of the Code) or (b) options which are not incentive stock options ("non- incentive stock options") or (c) a combination thereof, as determined by the Committee (the "Committee") referred to in Section 5 at the time of the grant thereof.

2. Effective Date of the Plan. The Plan became effective on April 29, 1997.

3. Stock Subject to Plan. 2,500,000 of the authorized but unissued shares of the common stock, \$1.00 par value, of the Company (the "Common Stock") are hereby reserved for issue upon the exercise of Options granted under the Plan; provided, however, that the number of shares so reserved may from time to time be reduced to the extent that a corresponding number of issued and outstanding shares of the Common Stock are purchased by the Company and set aside for issue upon the exercise of Options. If any Options expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purposes of the Plan.

4. Administration.

A. Except as otherwise provided in paragraph B of Section 4, the Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have complete authority, in its discretion, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective option agreements or certificates (which need not be identical), to determine the individuals (each a "Participant") to whom and the times and the prices at which Options shall be granted, the periods during which each Option shall be exercisable, the number of shares of the Common Stock to be subject to each Option and whether such Option shall be an incentive stock option or a non-incentive stock option and to make all other determinations necessary or advisable for the administration of the Plan. In making such determinations, the Committee may take into account the nature of the services rendered by the respective individuals, their present and potential contributions to the success of the Company and the Subsidiaries and such other factors as the Committee in its discretion shall deem relevant. The Committee's determination

1

on the matters referred to in this Section 4 shall be conclusive. Any dispute or disagreement which may arise under or as a result of or with respect to any Option shall be determined by the Committee, in its sole discretion, and any interpretations by the Committee of the terms of any Option shall be final, binding and conclusive.

B. The Chairman of the Board or, if the Chairman is not an executive officer of the Company, the Chief Executive Officer of the Company or other executive officer of the Company designated by the Committee who is also a director (the Chairman, Chief Executive Officer or other designated executive officer being referred to as the "Designated Director") may administer the Plan with respect to employees of the Company or a Subsidiary (i) who are not officers of the Company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) whose compensation is not subject to the provisions of Section 162(m) of the Code. The authority of the Designated Director and Options granted by the Designated Director shall be subject to such terms, conditions, restrictions and limitations as may be imposed by the Board, including, but not limited to, a limit on the aggregate number of shares of Common Stock subject to Options that may be granted in any one calendar year by the Designated Director to all such employees of the Company and its Subsidiaries and a maximum number of shares that may be subject to Options granted under the Plan in any one calendar year to any single employee by the Designated Director. Unless and until the Board shall take further action, the maximum number of shares of Common Stock that may be subject to Options granted under the Plan, the Company's 2000 Stock Option Plan and any other stock option plan then in effect in any one calendar year by the Designated Director shall be 100,000 in the aggregate and the maximum number of shares of Common Stock that may be subject to Options granted under the Plan, the Company's 2000 Stock Option Plan and any other stock option plan then in effect in any one calendar year by the Designated Director to any single employee shall be 5,000 in the aggregate. Any actions duly taken by the Designated Director with respect to the grant of Options to such employees shall be deemed to have been taken by the Committee for purposes of the Plan.

5. Committee. The Committee shall consist of two or more members of the Board. It is intended that all of the members of the Committee shall be "non-employee directors" within the meaning of Rule 16b-3(b)(3) promulgated under the Exchange Act, and "outside directors" within the contemplation of Section 162(m)(4)(C)(i) of the Code. The Committee shall be appointed annually by the Board, which may at any time and from time to time remove any members of the Committee, with or without cause, appoint additional members to the Committee and fill vacancies, however caused, in the Committee. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held, except that the Committee may delegate to any one of its members the authority of the Committee with respect to the grant of Options to any person who shall not be an officer and/or director of the Company and who is not, and in the judgment of the Committee may not be reasonably expected to become, a "covered employee" within the meaning of Section 162(m)(3) of the Code. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee (or by the member(s) of the Committee to whom authority has been delegated) shall be fully as effective as if it had been made at a meeting duly called and held.

6. Eligibility. An Option may be granted only to a key employee of the Company or a Subsidiary or to a director of the Company or a Subsidiary who is not an employee of the Company or a Subsidiary.

7. Option Prices.

A. The initial per share option price of any Option shall be the price determined by the Committee, but not less than the fair market value of a share of the Common Stock on the date of grant; provided, however, that, in the case of a Participant who owns more than 10% of the total combined voting power of the Common Stock at the time an Option which is an incentive stock option is granted to him or her, the initial per share option price shall not be less than 110% of the fair market value of a share of the Common Stock on the date of grant.

B. For all purposes of the Plan, the fair market value of a share of the Common Stock on any date shall be equal to (i) the closing sale price of the Common Stock on the New York Stock Exchange on the business day preceding such date or (ii) if there is no sale of the Common Stock on such Exchange on such business day, the average of the bid and asked prices on such Exchange at the close of the market on such business day.

8. Option Term. Participants shall be granted Options for such term as the Committee shall determine, not in excess of ten years from the date of the granting thereof; provided, however, that, in the case of a Participant who owns more than 10% of the total combined voting power of the Common Stock at the time an Option which is an incentive stock option is granted to him or her, the term with respect to such Option shall not be in excess of five years from the date of the granting thereof.

9. Limitations on Amount of Options Granted.

A. The aggregate fair market value of the shares of the Common Stock for which any Participant may be granted incentive stock options which are exercisable for the first time in any calendar year (whether under the terms of the Plan or any other stock option plan of the Company) shall not exceed \$100,000.

B. No Participant shall, during any fiscal year of the Company, be granted Options under the Plan to purchase more than 100,000 shares of the Common Stock.

10. Exercise of Options.

A. Except as otherwise determined by the Committee at the time of grant, a Participant may not exercise an Option during the period commencing on the date of the granting of such Option to him or her and ending on the day next preceding the third anniversary of such date. Except as otherwise determined by the Committee at the time of grant, a Participant may (i) during the period commencing on the third anniversary of the date of the granting of an Option to him or her and ending on the day next preceding the fourth anniversary of such date, exercise such Option with respect to one-third of the shares granted thereby, (ii) during the period commencing on such fourth anniversary and ending on the day next preceding the fifth anniversary of the date of the granting of such Option, exercise such Option with respect to

3

two-thirds of the shares granted thereby, and (iii) during the period commencing on such fifth anniversary, exercise such Option with respect to all of the shares granted thereby.

B. Except as hereinbefore otherwise set forth, an Option may be exercised either in whole at any time or in part from time to time.

C. An Option may be exercised only by a written notice of intent to exercise such Option with respect to a specific number of shares of the Common Stock and payment to the Company of the amount of the option price for the number of shares of the Common Stock so specified; provided, however, that, if the Committee shall in its sole discretion so determine at the time of the grant of any Option, all or any portion of such payment may be made in kind by the delivery of shares of the Common Stock having a fair market value equal to the portion of the option price so paid; provided, further, however, that no portion of such payment may be made by delivering shares of the Common Stock acquired upon the exercise of an Option if such shares shall not have been held by the Participant for at least six months; provided, further, however, that, subject to the requirements of Regulation T (as in effect from time to time) promulgated under the Exchange Act, the Committee may implement procedures to allow a broker chosen by a Participant to make payment of all or any portion of the option price payable upon the exercise of an Option and receive, on behalf of such Participant, all or any portion of the shares of the Common Stock issuable upon such exercise.

D. The Board may, in its discretion, permit any Option to be exercised, in whole or in part, prior to the time when it would otherwise be exercisable.

E. I. Notwithstanding the provisions of paragraph A of this Section 10, in the event that a Change in Control shall occur, then, each Option theretofore granted to any Participant which shall not have theretofore expired or otherwise been cancelled or become unexercisable shall become immediately exercisable in full. For the purposes of this paragraph E, a "Change in Control" shall be deemed to occur upon (a) the election of one or more individuals to the Board which election results in one-third of the directors of the Company consisting of individuals who have not been directors of the Company for at least two years, unless such individuals have been elected as directors or nominated for election by the stockholders as directors by at least three-fourths of the directors of the Company who have been directors of the Company for at least two years, (b) the sale by the Company of all or substantially all of its assets to any Person, the consolidation of the Company with any Person, the merger of the Company with any Person as a result of which merger the Company is not the surviving entity as a publicly held corporation, (c) the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of the Company having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of the Company who have been directors of the Company for at least two years, or (d) the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-half of the shares of the Company having voting power for the election of directors. For the purposes of this division I, (1) the term "Affiliate" shall mean any Person that directly, or indirectly through one



or more intermediaries, controls, or is controlled by, or is under common control with, any other Person, (2) the term "Person" shall mean any individual, partnership, firm, trust, corporation or other similar entity and (3) when two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company, such partnership, limited partnership, syndicate or group shall be deemed a "Person".

II. In the event that a Change of Control shall occur, then, from and after the time of such event, neither the provisions of this paragraph E nor any of the rights of any Participant thereunder shall be modified or amended in any way.

F. Notwithstanding any other provision of the Plan to the contrary, including, but not limited to, the provisions of paragraph D of Section 10, if any Participant shall have effected a Hardship Withdrawal from a 401(k) Plan maintained by the Company and/or one or more of the Subsidiaries, then, during the period of one year commencing on the date of such Hardship Withdrawal, such Participant may not exercise any Option using cash. For the purpose of this paragraph F, a "Hardship Withdrawal" shall mean a distribution to a Participant provided for in Reg. § 1.401(k)-1(d)(1)(ii) promulgated under Section 401(k)(2)(B)(i)(IV) of the Code or an analogous provision of the Puerto Rico Internal Revenue Code of 1994, as amended (the "Puerto Rico Code") and the regulations promulgated thereunder, and a "401(k) Plan" shall mean a plan which is a "qualified plan" within the contemplation of Section 401(a) of the Code or an analogous provision of the Puerto Rico Code which contains a "qualified cash or deferred arrangement" within the contemplation of Section 401(k)(2) of the Code or an analogous provision of the Puerto Rico Code.

11. Transferability. No Option shall be assignable or transferable except by will and/or by the laws of descent and distribution and, during the life of any Participant, each Option granted to him or her may be exercised only by him or her.

12. Termination of Employment or Service. In the event a Participant leaves the employ, or ceases to serve as a director, of the Company and the Subsidiaries, whether voluntarily or otherwise but other than by reason of his or her death or retirement, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent exercisable on the date of such termination of employment or service and not theretofore exercised, terminate upon the earlier to occur of (x) the expiration of (i) 30 days after the date of such Participant's termination of employment or cessation of service, if such option was granted on or prior to December 18, 2001 or (ii) 90 days after the date of such Participant's termination of employment or cessation of service, if such option was granted after December 18, 2001; and (y) the date of termination specified in such Option. Notwithstanding the foregoing, if a Participant is terminated for cause (as defined herein), each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent not theretofore exercised, terminate forthwith. In the event a Participant leaves the employ, or ceases to serve as a director, of the Company and the Subsidiaries by reason of his or her retirement, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three years after the date of such retirement and the date of termination specified in such Option. In the event a Participant's employment, or service as a director, with the Company and the Subsidiaries terminates by reason of his or her death, each Option theretofore granted to him or

5

her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of the qualification of a representative of his or her estate and the date of termination specified in such Option. For purposes of the foregoing, (a) the term "cause" shall mean: (i) the commission by the Participant of any act or omission that would constitute a crime under federal, state or equivalent foreign law, (ii) the commission by the Participant of any act of moral turpitude, (iii) fraud, dishonesty or other acts or omissions that result in a breach of any fiduciary or other material duty to the Company and/or the Subsidiaries, or (iv) continued alcohol or other substance abuse that renders the Participant incapable of performing his or her material duties to the satisfaction of the Company and/or the Subsidiaries and (b) the term "retirement" shall mean (i) the termination of a Participant's employment with the Company and all of the Subsidiaries (A) other than for cause or by reason of his or her death and (B) on or after the earlier to occur of (I) the first day of the calendar month in which his or her 65th birthday shall occur and (II) the date on which he or she shall have both attained his or her 55th birthday and completed 10 years of employment with the Company and/or the Subsidiaries or (ii) the termination of a Participant's service as a director with the Company and all of the Subsidiaries (A) other than for cause or by reason of his or her death and (B) on or after the first day of the calendar month in which his or her 65th birthday shall occur.

13. Adjustment of Number of Shares. In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock then subject to any Option and the number of shares of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number of shares set forth in paragraph B of Section 9 shall be adjusted by adding to each share the number of shares which would be distributable thereon if such shares had been outstanding on the date fixed for determining the stockholders entitled to receive such stock dividend. In the event that the outstanding shares of the Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, sale of assets, merger or consolidation in which the Company is the surviving corporation, then, there shall be substituted for each share of the Common Stock then subject to any Option and for each share of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and for each share of the Common Stock referred to in paragraph B of Section 9, the number and kind of shares of stock or other securities into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchanged. In the event that there shall be any change, other than as specified in this Section 13, in the number or kind of outstanding shares of the Common Stock, or of any stock or other securities into which the Common Stock shall have been changed, or for which it shall have been exchanged, then, if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the number or kind of shares then subject to any Option and the number or kind of shares reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number or kind of shares referred to in paragraph B of Section 9, such adjustment shall be made by the Committee and shall be effective and binding for all purposes of the Plan and of each stock option agreement or certificate entered into in accordance with the provisions of the Plan. In the case of any substitution or adjustment in accordance with the provisions of this Section 13, the option price in each stock option agreement or certificate for each share covered thereby prior to

6

such substitution or adjustment shall be the option price for all shares of stock or other securities which shall have been substituted for such share or to which such share shall have been adjusted in accordance with the provisions of this Section 13. No adjustment or substitution provided for in this Section 13 shall require the Company to sell a fractional share under any stock option agreement or certificate. In the event of the dissolution

or liquidation of the Company, or a merger, reorganization or consolidation in which the Company is not the surviving corporation, then, except as otherwise provided in the second sentence of this Section 13, each Option, to the extent not theretofore exercised, shall terminate forthwith.

14. Purchase for Investment, Withholding and Waivers. Unless the shares to be issued upon the exercise of an Option by a Participant shall be registered prior to the issuance thereof under the Securities Act of 1933, as amended, such Participant will, as a condition of the Company's obligation to issue such shares, be required to give a representation in writing that he or she is acquiring such shares for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any thereof. In the event of the death of a Participant, a condition of exercising any Option shall be the delivery to the Company of such tax waivers and other documents as the Committee shall determine. In the case of each non-incentive stock option, a condition of exercising the same shall be the entry by the person exercising the same into such arrangements with the Company with respect to withholding as the Committee may determine.

15. No Stockholder Status. Neither any Participant nor his or her legal representatives, legatees or distributees shall be or be deemed to be the holder of any share of the Common Stock covered by an Option unless and until a certificate for such share has been issued. Upon payment of the purchase price thereof, a share issued upon exercise of an Option shall be fully paid and non-assessable.

16. No Restrictions on Corporate Acts. Neither the existence of the Plan nor any Option shall in any way affect the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding whether of a similar character or otherwise.

17. No Employment Right. Neither the existence of the Plan nor the grant of any Option shall require the Company or any Subsidiary to continue any Participant in the employ of the Company or such Subsidiary.

18. Termination and Amendment of the Plan. The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable; provided, however, that the Board may not without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, increase the number of shares as to which Options may be granted under the Plan (as adjusted in accordance with the provisions of Section 13), or change the class of persons eligible to participate in the Plan, or change the manner of determining the option prices. Except as otherwise provided in Section 13, no termination or amendment of the Plan may, without the

7

consent of the Participant to whom any Option shall theretofore have been granted, adversely affect the rights of such Participant under such Option. The Committee may not, without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, amend any outstanding Option to reduce the option price, or cancel any outstanding Option and contemporaneously award a new Option to the same optionee for substantially the same number of shares at a lower option price.

19. Expiration and Termination of the Plan. The Plan shall terminate on April 28, 2007 or at such earlier time as the Board may determine. Options may be granted under the Plan at any time and from time to time prior to its termination. Any Option outstanding under the Plan at the time of the termination of the Plan shall remain in effect until such Option shall have been exercised or shall have expired in accordance with its terms.

#### 20. Options for Outside Directors.

A. A director of the Company who is not an employee of the Company or a Subsidiary (an "Outside Director") shall be eligible to receive, in addition to any other Option which he or she may receive pursuant to Section 6, an annual Option. Except as otherwise provided in this Section 20, each such Option shall be subject to all of the terms and conditions of the Plan.

B. I. At the first meeting of the Board immediately following each Annual Meeting of the Stockholders of the Company, each Outside Director shall be granted an Option, which shall be a non-incentive stock option, to purchase 8,000 shares of the Common Stock. Notwithstanding the foregoing, an Outside Director may not receive a grant under this Section 20 for any year if and to the extent such Outside Director receives a grant of options to purchase Common Stock under any other Company stock option plan then in effect solely for his or her services as a director of the Company for such year and the aggregate number of shares of Common Stock issuable upon the exercise of all such options granted for such year would exceed 8,000.

II. The initial per share option price of each Option granted to an Outside Director shall under this Section 20 be equal to the fair market value of a share of the Common Stock on the date of grant.

III. The term of each Option granted to an Outside Director shall be ten years from the date of the granting thereof.

IV. All or any portion of the payment required upon the exercise of an Option granted to an Outside Director may be made in kind by the delivery of shares of the Common Stock having a fair market value equal to the portion of the option price so paid.

C. The provisions of this Section 20 may not be amended except by the vote of a majority of the members of the Board and by the vote of a majority of the members of the Board who are not Outside Directors.

8

## PHILLIPS-VAN HEUSEN CORPORATION

## 2000 STOCK OPTION PLAN

(As Amended Through December 18, 2001)

1. Purpose. The purposes of the 2000 Stock Option Plan (the "Plan") are to induce certain individuals to remain in the employ, or to continue to serve as directors of, or consultants or advisors to, Phillips-Van Heusen Corporation (the "Company") and its present and future subsidiary corporations (each a "Subsidiary"), as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to attract new individuals to enter into such employment or service and to encourage such individuals to secure or increase on reasonable terms their stock ownership in the Company. The Board of Directors of the Company (the "Board") believes that the granting of stock options (the "Options") under the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success. Options granted hereunder are intended to be either (i) "incentive stock options" (which term, when used herein, shall have the meaning ascribed thereto by the provisions of Section 422(b) of the Code) or (ii) options which are not incentive stock options ("non-qualified stock options") or (iii) a combination thereof, as determined by the Committee (the "Committee") referred to in Section 5 at the time of the grant thereof.

2. Effective Date of the Plan. The Plan became effective on April 27, 2000.

3. Stock Subject to Plan. 3,000,000 of the authorized but unissued shares of the common stock, \$1.00 par value, of the Company (the "Common Stock") are hereby reserved for issue upon the exercise of Options granted under the Plan; provided, however, that the number of shares so reserved may from time to time be reduced to the extent that a corresponding number of issued and outstanding shares of the Common Stock are purchased by the Company and set aside for issue upon the exercise of Options. If any Options expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purposes of the Plan.

4. Administration.

(a) Except as otherwise provided in Section 4(b), the Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have complete authority, in its discretion, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective option agreements or certificates (which need not be identical), to determine the individuals (each a "Participant") to whom and the times and the prices at which Options shall be granted, the periods during which each Option shall be exercisable, the number of shares of the Common Stock to be subject to each Option and whether such Option shall be an incentive stock option or a non-qualified stock option and to make all other determinations necessary or advisable for the administration of the Plan. In making such determinations, the Committee may

1

take into account the nature of the services rendered by the respective individuals, their present and potential contributions to the success of the Company and the Subsidiaries and such other factors as the Committee in its discretion shall deem relevant. The Committee's determination on the matters referred to in this Section 4 shall be conclusive. Any dispute or disagreement which may arise under or as a result of or with respect to any Option shall be determined by the Committee, in its sole discretion, and any interpretations by the Committee of the terms of any Option shall be final, binding and conclusive.

(b) The Chairman of the Board or, if the Chairman is not an executive officer of the Company, the Chief Executive Officer of the Company or other executive officer of the Company designated by the Committee who is also a director (the Chairman, Chief Executive Officer or other designated executive officer being referred to as the "Designated Director") may administer the Plan with respect to employees of the Company or a Subsidiary (i) who are not officers of the Company subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) whose compensation is not subject to the provisions of Section 162(m) of the Code. The authority of the Designated Director and Options granted by the Designated Director shall be subject to such terms, conditions, restrictions and limitations as may be imposed by the Board, including, but not limited to, a limit on the aggregate number of shares of Common Stock subject to Options that may be granted in any one calendar year by the Designated Director to all such employees of the Company and its Subsidiaries and a maximum number of shares that may be subject to Options granted under the Plan in any one calendar year to any single employee by the Designated Director. Unless and until the Board shall take further action, the maximum number of shares of Common Stock that may be subject to Options granted under the Plan, the Company's 1997 Stock Option Plan and any other stock option plan then in effect in any one calendar year by the Designated Director shall be 100,000 in the aggregate and the maximum number of shares of Common Stock that may be subject to Options granted under the Plan, the Company's 1997 Stock Option Plan and any other stock option plan then in effect in any one calendar year by the Designated Director to any single employee shall be 5,000 in the aggregate. Any actions duly taken by the Designated Director with respect to the grant of Options to such employees shall be deemed to have been taken by the Committee for purposes of the Plan.

5. Committee. The Committee shall consist of two or more members of the Board. It is intended that all of the members of the Committee shall be "non-employee directors" within the meaning of Rule 16b-3(b)(3) promulgated under the Exchange Act, and "outside directors" within the contemplation of Section 162(m)(4)(C)(i) of the Code. The Committee shall be appointed annually by the Board, which may at any time and from time to time remove any members of the Committee, with or without cause, appoint additional members to the Committee and fill vacancies, however caused, in the Committee. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held, except that the Committee may delegate to any one of its members the authority of the Committee with respect to the grant of Options to any person who shall not be an officer and/or director of the Company and who is not, and in the judgment of the Committee may not be reasonably expected to become, a "covered employee" within the meaning of Section 162(m)(3) of the Code. Any decision or determination of the Committee reduced to writing and signed by all of the members of the

Committee (or by the member(s) of the Committee to whom authority has been delegated) shall be fully as effective as if it had been made at a meeting duly called and held.

6. Eligibility. An Option may be granted only to a key employee of the Company or a Subsidiary or to a director of the Company or a Subsidiary who is not an employee of the Company or a Subsidiary or to an independent consultant or advisor who renders services to the Company or a Subsidiary.

7. Option Prices.

(a) The initial per share option price of any Option shall be the price determined by the Committee, but not less than the fair market value of a share of the Common Stock on the date of grant; provided, however, that, in the case of a Participant who owns more than 10% of the total combined voting power of the Common Stock at the time an Option which is an incentive stock option is granted to him or her, the initial per share option price shall not be less than 110% of the fair market value of a share of the Common Stock on the date of grant.

(b) For all purposes of the Plan, the fair market value of a share of the Common Stock on any date shall be equal to (i) the closing sale price of the Common Stock on the New York Stock Exchange on the business day preceding such date or (ii) if there is no sale of the Common Stock on such Exchange on such business day, the average of the bid and asked prices on such Exchange at the close of the market on such business day.

8. Option Term. Participants shall be granted Options for such term as the Committee shall determine, not in excess of 10 years from the date of the granting thereof; provided, however, that, in the case of a Participant who owns more than 10% of the total combined voting power of the Common Stock at the time an Option which is an incentive stock option is granted to him or her, the term with respect to such Option shall not be in excess of five years from the date of the granting thereof.

9. Limitations on Amount of Options Granted.

(a) The aggregate fair market value of the shares of the Common Stock for which any Participant may be granted incentive stock options which are exercisable for the first time in any calendar year (whether under the terms of the Plan or any other stock option plan of the Company) shall not exceed \$100,000.

(b) No Participant shall, during any fiscal year of the Company, be granted Options under the Plan to purchase more than 500,000 shares of the Common Stock.

10. Exercise of Options.

(a) Except as otherwise determined by the Committee at the time of grant, a Participant may not exercise an Option during the period commencing on the date of the grant of such Option to him or her and ending on the day immediately preceding the first anniversary of such date. Except as otherwise determined by the Committee at the time of grant, a Participant may (i) during the period commencing on the first anniversary of the date of the grant of an Option to him or her and ending on the day immediately preceding the second anniversary of

such date, exercise such Option with respect to one-quarter of the shares granted thereby, (ii) during the period commencing on the second anniversary of the date of such grant and ending on the day immediately preceding the third anniversary of the date of such grant, exercise such Option with respect to one-half of the shares granted thereby, (iii) during the period commencing on the third anniversary of the date of such grant and ending on the day immediately preceding the fourth anniversary of such date, exercise such Option with respect to three-quarters of the shares granted thereby and (iv) during the period commencing on the fourth anniversary of the date of such grant and ending at the time the Option expires pursuant to the terms hereof, exercise such Option with respect to all of the shares granted thereby.

(b) Except as hereinbefore otherwise set forth, an Option may be exercised either in whole at any time or in part from time to time.

(c) An Option may be exercised only by a written notice of intent to exercise such Option with respect to a specific number of shares of the Common Stock and payment to the Company of the amount of the option price for the number of shares of the Common Stock so specified; provided, however, that, if the Committee shall in its sole discretion so determine at the time of the grant of any Option, all or any portion of such payment may be made in kind by the delivery of shares of the Common Stock having a fair market value equal to the portion of the option price so paid; provided further, however, that no portion of such payment may be made by delivering shares of the Common Stock acquired upon the exercise of an Option if such shares shall not have been held by the Participant for at least six months; and provided further, however, that, subject to the requirements of Regulation T (as in effect from time to time) promulgated under the Exchange Act, the Committee may implement procedures to allow a broker chosen by a Participant to make payment of all or any portion of the option price payable upon the exercise of an Option and receive, on behalf of such Participant, all or any portion of the shares of the Common Stock issuable upon such exercise.

(d) The Committee may, in its discretion, permit any Option to be exercised, in whole or in part, prior to the time when it would otherwise be exercisable.

(e) (1) Notwithstanding the provisions of Section 10(a) or the last sentence of Section 13, in the event that a Change in Control shall occur, then, each Option theretofore granted to any Participant which shall not have theretofore expired or otherwise been cancelled or become unexercisable shall become immediately exercisable in full. For the purposes of this Section 10(e), a "Change in Control" shall be deemed to occur upon (i) the election of one or more individuals to the Board which election results in one-third of the directors of the Company consisting of individuals who have not been directors of the Company for at least two years, unless such individuals have been elected as directors or nominated for election by the stockholders as directors by at least three-fourths of the directors of the Company who have been directors of the Company for at least two years, (ii) the sale by the Company of all or substantially all of its assets to any Person, the consolidation of the Company with any Person, the merger of the Company with any Person as a result of which merger the Company is not the surviving entity as a publicly held corporation, (iii)

the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-fourth, but not less

4

than one-half, of the shares of the Company having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of the Company who have been directors of the Company for at least two years, (iv) the sale or transfer of shares of the Company by the Company and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its Affiliates shall own, after such sales and transfers, at least one-half of the shares of the Company having voting power for the election of directors or (v) as defined in the Participant's employment agreement, if any, with the Company or a Subsidiary. For the purposes of this paragraph (1), (i) the term "Affiliate" shall mean any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person, (ii) the term "Person" shall mean any individual, partnership, firm, trust, corporation or other similar entity and (iii) when two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company, such partnership, limited partnership, syndicate or group shall be deemed a "Person."

(2) In the event that a Change of Control shall occur, then, from and after the time of such event, neither the provisions of this Section 10(e) nor any of the rights of any Participant thereunder shall be modified or amended in any way.

(f) Notwithstanding any other provision of the Plan to the contrary, including, but not limited to, the provisions of Section 10(d), if any Participant shall have effected a Hardship Withdrawal from a 401(k) Plan maintained by the Company and/or one or more of the Subsidiaries, then, during the period of one year commencing on the date of such Hardship Withdrawal, such Participant may not exercise any Option using cash. For the purpose of this Section 10(f), a "Hardship Withdrawal" shall mean a distribution to a Participant provided for in Reg. § 1.401(k)-1(d)(1)(ii) promulgated under Section 401(k)(2)(B)(i)(IV) of the Code or an analogous provision of the Puerto Rico Internal Revenue Code of 1994, as amended (the "Puerto Rico Code") and the regulations promulgated thereunder, and a "401(k) Plan" shall mean a plan which is a "qualified plan" within the contemplation of Section 401(a) of the Code or an analogous provision of the Puerto Rico Code which contains a "qualified cash or deferred arrangement" within the contemplation of Section 401(k)(2) of the Code or an analogous provision of the Puerto Rico Code.

11. Transferability. (a) Except as otherwise provided in Section 11(b), no Option shall be assignable or transferable except by will and/or by the laws of descent and distribution and, during the life of any Participant, each Option granted to such Participant may be exercised only by him or her.

(b) A Participant may, with the prior approval of the Committee, transfer for no consideration an Option which is a non-qualified stock option to or for the benefit of the Participant's Immediate Family, a trust for the exclusive benefit of the Participant's Immediate Family or to a partnership or limited liability company for one or more members of the Participant's Immediate Family, subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Option prior to such transfer. The term "Immediate Family" shall mean the Participant's children, stepchildren, grandchildren, parents, stepparents, grandparents, spouse, former spouse, siblings, nieces,

5

nephews, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships or any person sharing the Participant's household (other than a tenant or employee).

12. Termination of Employment or Service. In the event a Participant leaves the employ or service, or ceases to serve as a director, of the Company and the Subsidiaries, whether voluntarily or otherwise but other than by reason of his or her death or, in the case of Participant who shall be an employee or director, retirement, each Option theretofore granted to him or her which shall not have been exercisable prior to the date of the termination of his or her employment or service shall terminate immediately. Each other Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent exercisable on the date of such termination of employment or service and not theretofore exercised, terminate upon the earlier to occur of (x) the expiration of (i) 30 days after the date of such Participant's termination of employment or cessation of service, if such Option was granted on or prior to December 18, 2001, or (ii) 90 days after the date of such Participant's termination of employment or cessation of service, if such Option was granted after December 18, 2001; and (y) the date of termination specified in such Option. Notwithstanding the foregoing, if a Participant is terminated for cause (as defined herein), each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent not theretofore exercised, terminate forthwith. In the event a Participant leaves the employ, or ceases to serve as a director, of the Company and the Subsidiaries by reason of his or her retirement, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three years after the date of such retirement and the date of termination specified in such Option. In the event a Participant's employment or service with the Company and the Subsidiaries terminates by reason of his or her death, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of the qualification of a representative of his or her estate and the date of termination specified in such Option. For purposes of the foregoing, (a) the term "cause" shall mean: (i) the commission by the Participant of any act or omission that would constitute a crime under federal, state or equivalent foreign law, (ii) the commission by the Participant of any act of moral turpitude, (iii) fraud, dishonesty or other acts or omissions that result in a breach of any fiduciary or other material duty to the Company and/or the Subsidiaries, (iv) continued substance abuse that renders the Participant incapable of performing his or her material duties to the satisfaction of the Company and/or the Subsidiaries, or (v) as defined in the Participant's employment agreement, if any, with the Company or a Subsidiary and (b) the term "retirement" shall mean (I) the termination of a Participant's employment with the Company and all of the Subsidiaries (x) other than for cause or by reason of his or her death and (y) on or after the earlier to occur of (1) the first day of the calendar month in which his or her 65th birthday shall occur and (2) the date on which he or she shall have both attained his or

her 55th birthday and completed 10 years of employment with the Company and/or the Subsidiaries or (II) the termination of a Participant's service as a director with the Company and all of the Subsidiaries (x) other than for cause or by reason of his or her death and (y) on or after the first day of the calendar month in which his or her 65th birthday shall occur.

6

13. Adjustment of Number of Shares. In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock then subject to any Option and the number of shares of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number of shares set forth in Section 9(b) shall be adjusted by adding to each share the number of shares which would be distributable thereon if such shares had been outstanding on the date fixed for determining the stockholders entitled to receive such stock dividend. In the event that the outstanding shares of the Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, sale of assets, merger or consolidation in which the Company is the surviving corporation, then, there shall be substituted for each share of the Common Stock then subject to any Option and for each share of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and for each share of the Common Stock referred to in Section 9(b), the number and kind of shares of stock or other securities into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchanged. In the event that there shall be any change, other than as specified in this Section 13, in the number or kind of outstanding shares of the Common Stock, or of any stock or other securities into which the Common Stock shall have been changed, or for which it shall have been exchanged, then, if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the number or kind of shares then subject to any Option and the number or kind of shares reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number or kind of shares referred to in Section 9(b), such adjustment shall be made by the Committee and shall be effective and binding for all purposes of the Plan and of each stock option agreement or certificate entered into in accordance with the provisions of the Plan. In the case of any substitution or adjustment in accordance with the provisions of this Section 13, the option price in each stock option agreement or certificate for each share covered thereby prior to such substitution or adjustment shall be the option price for all shares of stock or other securities which shall have been substituted for such share or to which such share shall have been adjusted in accordance with the provisions of this Section 13. No adjustment or substitution provided for in this Section 13 shall require the Company to sell a fractional share under any stock option agreement or certificate. In the event of the dissolution or liquidation of the Company, or a merger, reorganization or consolidation in which the Company is not the surviving corporation, then, except as otherwise provided in Section 10(e) and the second sentence of this Section 13, each Option, to the extent not theretofore exercised, shall terminate forthwith.

14. Purchase for Investment, Withholding and Waivers. Unless the shares to be issued upon the exercise of an Option by a Participant shall be registered prior to the issuance thereof under the Securities Act of 1933, as amended, such Participant will, as a condition of the Company's obligation to issue such shares, be required to give a representation in writing that he or she is acquiring such shares for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any thereof. In the event of the death of a Participant, a condition of exercising any Option shall be the delivery to the Company of such tax waivers and other documents as the Committee shall determine. In the case of each non-qualified stock option, a condition of exercising the same shall be the entry by the person

7

exercising the same into such arrangements with the Company with respect to withholding as the Committee may determine.

15. No Stockholder Status. Neither any Participant nor his or her legal representatives, legatees or distributees shall be or be deemed to be the holder of any share of the Common Stock covered by an Option unless and until a certificate for such share has been issued. Upon payment of the purchase price thereof, a share issued upon exercise of an Option shall be fully paid and non-assessable.

16. No Restrictions on Corporate Acts. Neither the existence of the Plan nor any Option shall in any way affect the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding whether of a similar character or otherwise.

17. No Employment Right. Neither the existence of the Plan nor the grant of any Option shall require the Company or any Subsidiary to continue any Participant in the employ or service of the Company or such Subsidiary.

18. Termination and Amendment of the Plan. The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable; provided, however, that the Board may not without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, increase the number of shares as to which Options may be granted under the Plan (as adjusted in accordance with the provisions of Section 13), or change the class of persons eligible to participate in the Plan, or change the manner of determining the option prices. Except as otherwise provided in Section 13, no termination or amendment of the Plan may, without the consent of the Participant to whom any Option shall theretofore have been granted, adversely affect the rights of such Participant under such Option. The Committee may not, without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, amend any outstanding Option to reduce the option price, or cancel any outstanding Option and contemporaneously award a new Option to the same optionee for substantially the same number of shares at a lower option price.

19. Expiration and Termination of the Plan. The Plan shall terminate on April 27, 2010 or at such earlier time as the Board may determine. Options may be granted under the Plan at any time and from time to time prior to its termination. Any Option outstanding under the Plan at the time of the termination of the Plan shall remain in effect until such Option shall have been exercised or shall have expired in accordance with its terms.

8

## 20. Options for Outside Directors.

(a) A director of the Company who is not an employee of the Company or a Subsidiary (an "Outside Director") shall be eligible to receive, in addition to any other Option which he or she may receive pursuant to Section 6, an annual Option. Except as otherwise provided in this Section 20, each such Option shall be subject to all of the terms and conditions of the Plan.

(b) (i) At the first meeting of the Board immediately following each Annual Meeting of the Stockholders of the Company, each Outside Director shall be granted an Option, which shall be a non-qualified stock option, to purchase 8,000 shares of the Common Stock. Notwithstanding the foregoing, an Outside Director may not receive a grant under this Section 20 for any year if and to the extent such Outside Director receives a grant of options to purchase Common Stock under any other Company stock option plan then in effect solely for his or her services as a director of the Company for such year and the aggregate number of shares of Common Stock issuable upon the exercise of all such options granted for such year would exceed 8,000.

(ii) The initial per share option price of each Option granted to an Outside Director shall under this Section 20 be equal to the fair market value of a share of the Common Stock on the date of grant.

(iii) The term of each Option granted to an Outside Director shall be ten years from the date of the granting thereof.

(iv) All or any portion of the payment required upon the exercise of an Option granted to an Outside Director may be made in kind by the delivery of shares of the Common Stock having a fair market value equal to the portion of the option price so paid; provided, however, that no portion of such payment may be made by delivering shares of the Common Stock acquired upon the exercise of an Option if such shares shall not have been held by such Outside Director for at least six months; and provided further, however, that, subject to the requirements of Regulation T (as in effect from time to time) promulgated under the Exchange Act, the Committee may implement procedures to allow a broker chosen by such Outside Director to make payment of all or any portion of the option price payable upon the exercise of an Option and receive, on behalf of such Outside Director, all or any portion of the shares of the Common Stock issuable upon such exercise.

(c) The provisions of this Section 20 may not be amended except by the vote of a majority of the members of the Board and by the vote of a majority of the members of the Board who are not Outside Directors.

## 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.

<b><u>Name</u></b>	<b><u>State or Other Jurisdiction of Incorporation</u></b>
BassNet, Inc.	Delaware
Camisas Modernas, S.A.	Guatemala
Caribe M&I Ltd.	Cayman Islands
C.A.T. Industrial, S.A. de C.V.	Honduras
CD Group Inc.	Delaware
Confecciones Imperio S.A.	Costa Rica
G.H. Bass Caribbean LLC	Delaware
G. H. Bass Franchises Inc.	Delaware
GHB (Far East) Limited	Hong Kong
izod.com inc.	Delaware
Phillips-Van Heusen (Far East) Limited	Hong Kong
Phillips-Van Heusen Puerto Rico LLC	Delaware
PVHCareerApparel.com Inc.	Delaware
PVH Foreign Holdings Corp.	Delaware
PVH Retail Corp.	Delaware
PVH Wholesale Corp.	Delaware
Ropa PVH Mexicana, Camisas y Diseños, S.A. de C.V.	Mexico
The IZOD Corporation	Pennsylvania



**Consent of Independent Auditors**

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
- (vii) Registration Statement (Form S-4, No. 333-57203), which relates to the 9.5% Senior Subordinated Notes due 2008, and
- (viii) Registration Statement (Form S-8, No. 333-41068) which relates to the Phillips-Van Heusen Corporation 2000 Stock Option Plan.

of Phillips-Van Heusen Corporation and in the related Prospectuses of our report dated March 4, 2002 and the financial statement schedule of Phillips-Van Heusen Corporation included in this Annual Report (Form 10-K) for the year ended February 3, 2002.

ERNST & YOUNG LLP

New York, New York

April 8, 2002