

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

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

For the fiscal year ended January 28, 1996 Commission file number: 1-724

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

DELAWARE 13-1166910
(State of incorporation) (IRS Employer
Identification No.)
1290 Avenue of the Americas
New York, New York 10104
(Address of principal executive offices)
212-541-5200
(Registrant's telephone number)

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

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

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

NONE

Indicate by check mark whether registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months and (2) has been subject to such filing
requirements for at least 90 days.

Yes X No

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

The aggregate market value of the voting stock of registrant held by
nonaffiliates of the registrant as of April 19, 1996 was approximately
\$335,100,000.

Number of shares of Common Stock outstanding as of April 19, 1996:
26,987,252.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's 1995 Annual Report to Stockholders for the Fiscal Year Ended January 28, 1996	Parts I and II
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 18, 1996	Part III

PART I

Item 1. Business

General Overview

Phillips-Van Heusen Corporation (the "Company") is a vertically
integrated manufacturer, marketer and retailer of men's, women's and
children's apparel and footwear. The Company's products include shirts,
sweaters and shoes and, to a lesser extent, neckwear, furnishings, bottoms,
outerwear and leather and canvas accessories.

The Company's principal brand names include "Van Heusen", the
best-selling dress shirt brand in the United States; "Bass", the leading
casual shoe brand in the United States; and "Geoffrey Beene", the best-selling
designer dress shirt label in the United States. On February 17, 1995, the
Company acquired the Apparel Group of Crystal Brands, Inc. ("Crystal Brands")
and in connection therewith, acquired ownership of the "Izod" and "Gant" brand
names. "Izod" is the best-selling men's sweater brand in the United States.
The Company is also a leading manufacturer and distributor of private label

shirts and sweaters. In addition, the Company has a licensing agreement to make and market "Jantzen" branded men's sweaters.

Wholesale distribution consists of the marketing and sale of the Company's products to major department stores, specialty and independent retailers, chain stores and catalog merchants. The Company's wholesale customers for branded and designer apparel include May Co., Federated and JCPenney. Wholesale customers for its private label shirts include JCPenney, Mervyn's, Lord & Taylor, Sears and Target, while wholesale customers for the Company's private label sweaters and golf apparel include JCPenney and Sears. The Company's customers for footwear include May Co., Dillard's, Federated and Dayton Hudson. In fiscal 1995, no one customer accounted for more than 10% of the Company's sales.

Through its retail operations, the Company sells its products directly to consumers in more than 900 Company-owned stores operated in five different formats located primarily in manufacturers' outlet malls. At the end of fiscal 1995, these formats were Van Heusen, Geoffrey Beene, Bass, Gant and Izod.

According to MRCA Information Services, the Company's "Van Heusen" shirt brand is the best-selling dress shirt brand in the United States men's dress shirt market, and the Company's "Geoffrey Beene" shirt brand is the best-selling men's designer dress shirt in the United States.

The Company believes its overall share of the United States men's dress shirt market, including its branded, designer and private label offerings, is the largest of any single company. In addition to marketing dress shirts, the Company has responded to the growing sportswear market in the United States by expanding its major brand product offerings to sportswear. The Company's "Van Heusen" brand is the number-one selling men's woven sport shirt in the United States, according to MRCA Information Services. With the acquisition of the "Izod" and "Gant" labels, and the license to manufacture and market "Jantzen" branded sweaters, sport shirts and bottoms, it is expected that sportswear will continue to increase as a percentage of the Company's sales.

The Company was incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881, and, with respect to Bass, a business begun in 1876. The Company's principal executive offices are located at 1290 Avenue of the Americas, New York, New York 10104; its telephone number is (212) 541-5200.

Retail Development

The decision to develop and expand its own retail operations, concurrent with the growth of the manufacturers' outlet retailing industry, has permitted the Company to position itself as a major value-oriented retailer. The Company's retail operations have enabled it to increase sales by offering its

products in geographic markets where they were not previously widely available, selling to consumers who favor value-oriented retailers and selling products bearing its brand names and designer labels that are not marketed to its wholesale customers.

Critical to the Company's retailing strategy was the choice of manufacturers' ("factory") outlet centers as the venue to pursue its retailing business. Manufacturers' outlet centers, usually located in tourist/vacation areas or on major highways to these areas, provide a large customer base with significant disposable income and a positive attitude toward shopping and a base of business in locations that limit conflict with the Company's wholesale customers. The success of a new outlet mall is heavily dependent on its location and the attraction of a well known group of tenants.

The Company's stores also provide the opportunity to liquidate excess and out-of-date inventory and factory "seconds", thereby substantially reducing the need to sell such merchandise to discounters or jobbers at severely marked down prices. The ability to control the sale of such merchandise also prevents the damage to the image of the Company's brands which can result when they are sold by discounters with inferior presentation and advertising.

The Company has developed a retail component for each of its principal brands which has enhanced the Company's ability to reach a broad array of consumers for its products. At the same time, it has allowed the Company to expand its brands to other compatible products not carried in its regular wholesale lines. The Company's success in expanding the types of products available under its brand names has led to an increase in the product lines available in its stores. For example, the Company now offers men's and women's sportswear and accessories in many of its Bass stores and has continued increasing the number of its stores offering Geoffrey Beene women's wear.

The Company's retail formats are managed to allow each to enjoy its own focus without infringing on the other formats, thereby enabling all formats to co-exist in one outlet center. Thus, even though Van Heusen and Geoffrey Beene stores each carry the same type of men's apparel products, each targets and markets to a different consumer base: Van Heusen - the American brand, moderate price and moderate fashion consumer; and Geoffrey Beene - the better fashion forward consumer. In addition, all aspects of each retail format - store design, presentation, sales personnel, packaging, product and price - reinforce the Company's focus on value-oriented retailing to that particular store format's target consumer.

Although the Company's expansion of its retail operations has led to significant sales growth, many of the Company's stores have recently operated unprofitably. The Company believes this has resulted from both a significant downturn in recent years in the apparel and footwear markets as well as its opening of retail stores in manufacturers' outlet centers that proved to be less competitive as new and more productive centers opened in surrounding areas. To address the Company's overexpansion in outlet retailing, during fiscal 1995 the Company initiated a plan to close approximately 300 unprofitable stores. These store closings will allow the Company to achieve a more balanced retail/wholesale sales mix while allowing the Company to reduce its investment in its retail operations. Despite these closings, the Company plans to continue selectively opening new stores in certain manufacturers' outlet centers. However, since the Company already features one or more of its store formats in the best-performing manufacturers' outlet centers in the United States, and since the development and opening of new manufacturers' outlet centers are occurring at a slower pace than in the past, future store openings are anticipated to be fewer than in recent years.

Acquisition of the Apparel Group of Crystal Brands

On February 17, 1995, the Company acquired the Apparel Group of Crystal Brands which added "Izod" and "Gant" to the Company's roster of highly regarded brands. "Izod" and "Gant" products are sold at many better

department stores in the United States, including Macy's, Belk's, Dillard's and May Co. In connection with the acquisition, the Company acquired 88 outlet stores which marketed apparel under the labels acquired from Crystal Brands. The Company has converted 34 of these stores to stores which market apparel under either the "Izod" or "Gant" label, or to other store formats which the Company operates and has closed the other 54 stores. In addition, the Company has converted substantially all of its private label retail stores into stores which market apparel under either the "Izod" or "Gant" label. The Company believes that stores which sell products under a known brand name offer the Company higher profit margins, faster inventory turnover and greater opportunity to expand the product offerings in those stores.

Apparel Business

The marketing of the Company's apparel products is currently conducted principally under the following labels: "Van Heusen", "Geoffrey Beene", "Bass", "Jantzen", "Izod", "Izod Club" and "Gant". The Company also markets various private label apparel products.

Van Heusen

"Van Heusen" is the best-selling men's dress shirt and woven sport shirt brand in the United States, according to research conducted by MRCA Information Services. In addition to the "Van Heusen" label, branded products are marketed under the sub-brands "417", "Players", "Over Easy", "Corporate Casual", "Winter-weights" and "Editions."

"Van Heusen" branded dress and sport shirts and sweaters are marketed at wholesale in the moderate to better price range to major department stores and men's specialty stores nationwide, including May Co., Frederick Atkins, JCPenney, Younkers and Mervyns.

During fiscal 1995, the Company continued to expand its offering of Van Heusen "Corporate Casual" dress shirts. These shirts have a more casual appearance and have a softer feel than regular dress shirts. The trend in the United States to more casual work attire leads the Company to believe that the overall demand for casual work attire, or "Friday Wear", will continue to increase.

In addition, wholesale marketing of Van Heusen apparel includes knit sport shirts and sweaters, and golf apparel which is marketed under the "Van Heusen Players" label. Major customers include JCPenney and other fine stores.

Van Heusen outlet stores offer a full collection of first quality men's traditional, classic and contemporary dress furnishings (including dress shirts, belts, hosiery and neckwear), men's sportswear (including sports shirts, sweaters and bottoms) and ladies sportswear (including coordinates and separates) and men's and women's activewear. Other than men's dress shirts, sport shirts and sweaters, such apparel is not marketed or produced for sale to the Company's wholesale customers.

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

Geoffrey Beene

The Company markets "Geoffrey Beene" labelled designer apparel under three different licensing agreements with that designer. One agreement permits the Company to market "Geoffrey Beene" labelled dress shirts and sweaters at wholesale until the agreement terminates on December 31, 2001. Two other agreements, one for men's apparel, the other for women's apparel,

permit the Company to market "Geoffrey Beene" labelled products in its retail stores. The men's and women's agreements have renewal options extending through December 31, 2005 and December 31, 2008, respectively.

"Geoffrey Beene" dress shirts are the best-selling men's designer dress shirts in the United States, according to MRCA Information Services. Consistent with the increase in the demand for casual work attire, the Company has also expanded its marketing of Geoffrey Beene casual dress shirts. Geoffrey Beene dress shirts are sold in the upper moderate to better price range to major department stores and men's specialty stores nationwide, including Frederick Atkins, Federated and May Co.

The Company's Geoffrey Beene stores offer a distinctive collection of men's "Geoffrey Beene" labelled products, including dress and sport shirts, neckwear, furnishings, outerwear, bottoms and sportswear. Through their product mix, the Geoffrey Beene stores seek to meet the full needs of men's wardrobes (excluding suits) from dress furnishings to casual wear. The merchandising strategy is focused on an upscale, fashion forward consumer in the upper moderate price range.

During fiscal 1995, the Company increased the number of its stores offering "Geoffrey Beene" women's wear. Stores offering these products carry a full line of women's casual apparel bearing the designer's name. The Company plans to continue expanding the number of stores offering this product in the future.

Bass

The Company's marketing of apparel under the "Bass" label began in 1992 and has been continuously expanded since that time.

"Bass" casual dress shirts, marketed at wholesale to major department stores, including Federated and Frederick Atkins, are sold in the upper moderate to better price range.

Until 1992, the Company's Bass outlet stores had marketed only footwear. Since that time, the Company has introduced apparel and accessories consistent with the Bass "lifestyle" into approximately 60% of its Bass stores. The Company plans to continue to expand the percentage of its Bass stores carrying "Bass" apparel products in the future.

Izod

"Izod" branded apparel products consist of active inspired men's sportswear, including "Izod" sweaters (the best-selling men's sweater brand in the United States, according to the NPD Consumer Purchase Panel). These products are marketed in the upper moderate to better price range to major retailers, including JCPenney, May Co. and Macy's.

The Company's retail business offering Izod products features stores marketing men's and women's casual sportswear. Target customers are generally brand loyalists who expect quality and fashion at reasonable prices.

Izod Club

"Izod Club" branded golf apparel products are marketed to golf pro shops and golf resort retail stores in the better price range. "Izod Club" products consist of collections of men's and women's apparel designed to outfit the golfer from "head to toe". Products in the collection include golf shirts, hats, sweaters, hosiery and, beginning in the Fall of 1996, footwear.

Gant

"Gant" branded apparel consists of a collection of men's sportswear, including woven and knit tops and bottoms. The "Gant" brand represents an American classic offering of men's sportswear designed for comfort and relaxed fit. "Gant" products are marketed in the better price range to major retailers, including Dillard's, Belk's, May Co., Macy's and fine specialty stores.

The Company's Gant outlet stores offer fine quality knit and woven shirts, sweaters, pants and shorts, outerwear and accessories for men. The "Gant" line incorporates several sportswear "lifestyles". Included are spectator-active and casual wear products, all of which maintain detailed construction and high quality fabrics.

Jantzen

On January 24, 1995, the Company entered into a licensing agreement to make and market "Jantzen" branded men's sweaters, sport shirts (including golf apparel) and related bottoms. The licensing agreement expires January 31, 2000 but, under certain conditions, the Company may extend the agreement for an additional five years. "Jantzen" apparel products are sold in the moderate to better price range. Major customers for "Jantzen" branded apparel are department and specialty stores including Belk's, Mercantile, Dayton Hudson and Younkers. The Company believes that the licensing agreement further strengthens the Company's position as the leading sweater and golf apparel supplier in the United States.

Private Label Apparel

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. The Company's customers work with the Company's designers to develop shirts in the styles, sizes and cuts which the customers desire to sell in their stores with their particular store names or private labels. Private label programs offer the consumer quality product and offer the retailer the opportunity to enjoy higher margins. Private label products, however, do not have the same level of consumer recognition as branded products and private label manufacturers do not generally provide retailers with the same services and support as branded manufacturers.

The Company markets at wholesale men's dress shirts under private labels to major national retail chains and department stores, including JCPenney, Mervyns, Lord & Taylor and Sears. Private label sport shirts are marketed to major retailers including K-Mart, Wal-Mart, Target, Sears and JCPenney. Private label sweaters and golf apparel are marketed to traditional department and specialty stores, national retail chains and catalog merchants, including JCPenney and Sears. The Company also markets shirts to companies in service industries, including major airlines and food chains. The Company believes it is one of the largest marketers of private label dress shirts in the United States.

During fiscal 1995, the Company ceased operating its Cape Isle Knitters and Windsor Shirt private label retail stores, in large part by converting these stores to another store format which the Company operates. The Company currently plans to market private label apparel only at wholesale for the foreseeable future.

Competition in the Apparel Industry

The apparel industry is highly competitive due to its fashion orientation, its mix of large and small producers, the flow of imported merchandise and the wide diversity of retailing methods. Competitive pressures have been increased by the recent consolidations and closings of major department store groups. Based on the variety of the apparel marketed

by the Company and the various channels of distribution it has developed, the Company believes it is well-positioned in the industry, although the Company has many diverse competitors in both manufacturing and retailing.

The Company's apparel wholesale divisions experience competition in branded, designer and private label products. Some of the larger dress shirt competitors include: Bidermann Industries ("Arrow" brand); Salant Corporation ("Perry Ellis" and "John Henry" brands); Warnaco ("Hathaway" brand); Smart Shirt (private label shirt division of Kellwood); Capital Mercury (private label shirts); and Oxford Industries (private label shirts). Some of the larger sportswear competitors include: Warnaco ("Chaps" brand); Nautica Enterprises ("Nautica" brand); and Tommy Hilfiger. For sweaters, the Company's brands compete for department store floor space with private label sweaters. While several apparel manufacturers currently operate outlet stores, management believes that none offers a similar selection of product in the variety of formats offered by the Company. The Company's retail stores also compete with department stores, specialty stores, chain stores and catalogs.

Footwear Business

The Company's footwear business consists of the manufacture and marketing of a full line of traditional men's, women's and children's casual shoes under the "Bass" brand name in the moderate to better price range. The Company also offers a line of men's dress shoes. Various sub-brands are utilized, the most important ones being "Weejun" and "Sunjun". "Bass" is the leading brand of casual shoes in the United States, according to research conducted by Footwear Market Insights ("FMI"), based on pairs of shoes sold. FMI's research shows "Bass" branded footwear with a 4.4% share of the casual shoe market.

Bass' traditional wholesale customers are major department stores and specialty shoe stores throughout the United States, including Federated, May Co., Dillard's and Dayton Hudson. In 1992, Bass began marketing its footwear internationally and is now selling footwear to retailers in Europe, Canada, South America and Asia.

All footwear carried in the Bass wholesale line is designed "in-house." Additional styles which are sold only in the Company's Bass stores are designed both "in-house" and by third parties.

The Company's Bass stores, located primarily in manufacturers' outlet malls, typically carry an assortment of "Bass" shoes, in the moderate to upper moderate price range, as well as complementary products not sold to wholesale customers. In addition, apparel and accessories are marketed in approximately 60% of the Company's Bass stores.

Bass' merchandising strategy is focused on achieving an American classic look which emphasizes classic and traditional footwear design. The stores emphasize the design interpretation "The Look That Never Wears Out" in creating an image for its products.

Competition in the Shoe Industry

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

Currently, Bass outlet stores have few direct footwear competitors. Dexter and, to an even lesser extent, Timberland are the most prominent casual footwear companies that are competing in the outlet environment. However, multi-branded outlet footwear retailers, such as U.S. Shoe and Famous Footwear, compete on price and assortment. The Company's retail stores also compete with department stores, specialty stores, chain stores and catalogs.

Merchandise Design, Manufacturing and Product Procurement

The apparel and footwear merchandise manufactured by the Company as well as the vast majority of its sourced products are planned and designed through the efforts of its various merchandise/product development groups. These groups consist of designers, product line builders and merchants who consider consumer taste, fashion, history and the economic environment when creating a product plan for a particular season. Apparel and footwear product lines are developed primarily for two major selling seasons, spring and fall. However, certain of the Company's product lines require more frequent introductions of new merchandise.

The process from initial design to finished product varies greatly, but generally spans nine to 12 months prior to each selling season. Raw materials and production commitments are generally made four to 12 months prior to production and quantities are finalized at that time. In addition, sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made both to increase or reduce availability. The Company's substantial efforts in the area of quick response to sales trends (through the expanded use of its electronic data interchange "EDI" system) maximize its inventory flexibility and minimize production overruns. This EDI system provides a computer link between the Company and its wholesale customers that enables both the customer and the Company to track sales, inventory and shipments. Use of the system also reduces the amount of time it takes a customer to determine its inventory needs and order replenishment merchandise and for the Company to respond to the customer's order.

Dress shirts and sweaters are manufactured in the Company's domestic apparel manufacturing facilities in Alabama, Arkansas and Puerto Rico. The Company also operates facilities in Costa Rica, Guatemala and Honduras. Additionally, the Company contracts for apparel merchandise with vendors principally in the Far East, Middle East and Caribbean areas which meet its quality and cost requirements. Footwear is manufactured in the Company's factories located in Maine, Puerto Rico and the Dominican Republic. In addition, the Company contracts for footwear merchandise which meet its requirements from overseas vendors, principally in Brazil and the Far East.

The Company's foreign offices, located principally in Hong Kong, Korea, Taiwan, Singapore, Brazil and throughout Central America, enable the Company to monitor the quality of the goods manufactured by, and the delivery performance of, its suppliers. The Company continually seeks additional suppliers throughout the world for its sourcing needs and places its orders in a manner designed to limit the risk that a disruption of production at any one facility could cause a serious inventory problem. The Company has experienced no significant production delays or difficulties in importing goods. However, from time to time the Company has incurred added costs by shipping goods by air freight in order for it to meet certain delivery commitments to its customers. The Company's purchases from its suppliers are effected through individual purchase orders specifying the price and quantity of the items to be produced. The Company does not have any long-term, formal arrangements with any of the suppliers which manufacture its products. The Company believes that it is the largest customer of many of its manufacturing suppliers and considers its relations with its suppliers to be satisfactory. No single supplier is critical to the Company's production needs, and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement production capacity.

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

Advertising and Promotion

The Company has used national advertising to communicate the Company's marketing message since the 1920's. The Company believes that this effort has helped create strong brand awareness and a high recognition factor among American consumers and has contributed to the overall success of the Company. The Company advertises primarily in national print media, including fashion, entertainment/human interest, business, men's, women's and sports magazines. Brand awareness is further supplemented by the Company's co-op advertising program through which the Company and individual retailers combine their efforts and share the cost of store radio, television and newspaper advertisements and in-store advertising and promotional events featuring the Company's branded products.

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

Trademarks

The Company has the exclusive right to use the "Gant" and Izod" names in most countries, the "Van Heusen" name in North, Central and South America as well as the Philippines, and the exclusive world-wide right to use "Bass" for footwear. The Company has registered or applied for registration of numerous other trademarks for use on a variety of items of apparel and footwear and related products and owns many foreign trademark registrations. It presently has pending a number of applications for additional trademark registrations. The Company regards its trademarks and other proprietary rights as valuable assets and believes that they have significant value in the marketing of its products.

Licensing

The Company has various agreements under which it licenses the use of its brand names. The Company is licensing the "Van Heusen" name for apparel products in Canada and in most of the South and Central American countries. In the United States, the Company currently licenses the use of the "Van Heusen" name for various products that it does not manufacture or source, including boy's apparel, sleepwear, eyeglasses, neckwear and other accessories and is exploring the possibility of licensing the name for use on other products. The Company licenses the use of the "Bass" name for footwear in Hong Kong, Japan, Europe and Latin America, and for neckwear in the United States. The Company licenses the use of the "Gant" name for a complete range of sportswear and footwear in Europe, Australia, New Zealand and the Far East. (During fiscal 1995, the Company acquired 25% of this Gant licensee, Pyramid

Sportswear). The Company also licenses the use of the "Gant" name for outerwear and dress furnishings in the United States. The Company licenses the use of the "Izod" name for infants, toddlers and childrens clothing, as well as "big and tall" apparel, in the United States, and for men's and women's sportswear in Canada. The Company plans to continue expanding its world-wide licensing efforts under the "Gant" and "Izod" trademarks.

Retail Stores

As of January 28, 1996, the Company operated 911 stores in five different formats: Van Heusen, Bass, Geoffrey Beene, Gant and Izod. The Company's stores are located primarily in manufacturers' outlet malls. Store layouts and designs differ among the five retail formats in order to maximize the effectiveness of the product and pricing strategy directed toward each format's specific target customer.

Manufacturers' outlet malls are a growing segment of the retail industry, and the Company is a leading operator of outlet mall stores. Other branded apparel manufacturers who have entered the outlet mall sector include Ralph Lauren, Liz Claiborne, Bugle Boy, Nine West, Jockey, Donna Karan, Sara Lee, Jones New York, Nautica, Tommy Hilfiger, Calvin Klein and Anne Klein.

The following table sets forth the number of openings and closings of the Company's retail stores by fiscal year since 1991 and the number of stores operated at the end of each fiscal year:

	Fiscal 1995	Fiscal 1994	Fiscal 1993	Fiscal 1992	Fiscal 1991
Store openings:	102(1)	139	126	116	126
Store closings:	63	47	51	47	40
Total stores operated at year end: . .	911	872	780	705	636

(1) Includes a net addition of 34 stores acquired from Crystal Brands.

Although the Company's expansion of its retail operations has led to significant sales growth, many of the Company's stores have recently operated unprofitably. The Company believes this has resulted from both a significant downturn in recent years in the apparel and footwear markets as well as its opening of retail stores in manufacturers' outlet centers that proved to be less competitive as new and more productive centers opened in surrounding areas. To address this overexpansion, during fiscal 1995 the Company initiated a plan to close approximately 300 unprofitable stores. Despite these closings, the Company plans to continue selectively opening new stores in certain manufacturers' outlet centers. However, since the Company already features one or more of its store formats in the best-performing manufacturers' outlet centers in the United States, and since the development and opening of new manufacturers' outlet centers are occurring at a slower pace than in the past, future store openings are anticipated to be fewer than in recent years.

The Company maintains a real estate department which works with the store planning and design department in opening new stores. The real estate department locates appropriate sites based on information regarding area demographics, model store size, available lease arrangements and projected volume and operating returns. In preparation for opening, the store planning and design department coordinates interior plans with landlords, division heads, contractors and developers. As construction is completed, a project manager supervises fixture installation as well as ensures the quality of workmanship demanded by the Company. Field management then begins the merchandising process. All of these efforts culminate with the opening of each new store.

Tariffs and Import Restrictions

A substantial portion of the Company's products are manufactured by contractors located outside the United States. These products are imported and are subject to United States Customs laws, which impose tariffs as well as import quota restrictions established by the Department of Commerce. However, a significant portion of the Company's apparel products is imported from its Caribbean Basin manufacturing facilities and is therefore eligible for certain duty-advantaged programs commonly known as "807 Programs." While importation of goods from certain countries from which the Company obtains goods may be subject to embargo by United States Customs authorities if shipments exceed quota limits, the Company closely monitors import quotas and can, in most cases, shift production to contractors located in countries with available quotas. The existence of import quotas has, therefore, not had a material adverse effect on the Company's business.

Employees

As of January 28, 1996, the Company employed approximately 9,800 persons on a full-time basis and approximately 3,100 persons on a part-time basis. Approximately 7% of the Company's 12,900 employees are represented for the purpose of collective bargaining by three different unions. Additional persons, some represented by these three unions, are employed from time to time based upon the Company's manufacturing schedules and retailing seasonal needs. The Company believes that its relations with its employees are satisfactory.

Item 2. Properties

The Company maintains its principal executive offices at 1290 Avenue of the Americas, New York, New York, occupying approximately 80,000 square feet under a sub-lease which expires on December 30, 1998. The Company also maintains administrative offices at 404 Fifth Avenue, New York, New York, where the Company occupies approximately 38,000 square feet under a lease which expires on June 30, 1997, and 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. The following tables summarize the other manufacturing facilities, warehouses and distribution centers, administrative offices and retail stores of the Company as of January 28, 1996:

Apparel Business

	Square Feet of Floor Space ('000's)		
	Owned	Leased	Total
Manufacturing Facilities	239	235	474
Warehouses and Distribution Centers.	1,728	207	1,935
Administrative	16	72	88
Retail Stores.	6	2,383	2,389
	1,989	2,897	4,886

Footwear Business

	Square Feet of Floor Space ('000's)		
	Owned	Leased	Total
Manufacturing Facilities	274	116	390
Warehouses and Distribution Centers.	127	241	368
Administrative	20	128	148
Retail Stores.	8	1,537	1,545
	429	2,022	2,451

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

Item 3. Legal Proceedings

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

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

None.

Executive Officers of the Registrant

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

Name	Position	Age
Bruce J. Klatsky	Chairman; President; Chief Executive Officer; Director	47
Irwin W. Winter	Executive Vice President and Chief Financial Officer; Director	62
Allen E. Sirkin	Vice Chairman	53
Mark Weber	Vice Chairman	47
Michael J. Blitzer	Senior Vice President	46
Emanuel Chirico	Vice President and Controller	38

Mr. Bruce J. Klatsky has been employed by the Company in various capacities over the last 24 years, and has been President of the Company since 1987. Mr. Klatsky has served as a director of the Company since 1985 and was named Chief Executive Officer in June of 1993 and Chairman of the Board of Directors in June of 1994.

Mr. Irwin W. Winter joined the Company in 1987 as Vice President, Finance and Chief Financial Officer. Mr. Winter has served as a director of the Company since 1987.

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

Mr. Mark Weber has been employed by the Company in various capacities over the last 24 years, had been a Vice President of the Company since 1988 and was named Vice Chairman of the Company in 1995.

Mr. Michael J. Blitzer has been employed by the Company since 1980. In 1995, Mr. Blitzer was named Senior Vice President. For the prior five years, Mr. Blitzer served as President of the Company's Van Heusen retail operations.

Mr. Emanuel Chirico has been employed by the Company as Vice President and Controller since 1993. Prior to that, Mr. Chirico was a partner with the accounting firm of Ernst and Young LLP.

PART II

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

Information with respect to the market for the Company's common stock and related security holder matters which appears under the heading "Selected Quarterly Financial Data" in the 1995 Annual Report to Stockholders, is incorporated herein by reference. As of April 11, 1996, there were 1,969 stockholders of record of the Company's common stock.

Item 6. Selected Financial Data

Selected Financial Data which appears under the heading "Nine Year Financial Summary" in the 1995 Annual Report to Stockholders, is incorporated herein by reference.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations which appears under the heading "Financial Review" in the 1995 Annual Report to Stockholders, is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements, which appear in the 1995 Annual Report to Stockholders, are incorporated herein by reference.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The 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 18, 1996.

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 18, 1996.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to the Security Ownership of Certain Beneficial Owners and Management is incorporated herein by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 18, 1996.

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 18, 1996.

PART IV

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

(a)(1) The following consolidated financial statements are incorporated by reference in Item 8 of this report:

Consolidated Statements of Income--Years Ended January 28, 1996,
January 29, 1995 and January 30, 1994
Consolidated Balance Sheets--January 28, 1996 and January 29, 1995
Consolidated Statements of Cash Flows--Years Ended January 28, 1996,
January 29, 1995 and January 30, 1994
Consolidated Statements of Changes in Stockholders' Equity--
Years Ended January 28, 1996, January 29, 1995 and January 30, 1994
Notes to Consolidated Financial Statements

(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

- 4.1 Specimen of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1981).
- 4.2 Preferred Stock Purchase Rights Agreement (the "Rights Agreement"), dated June 10, 1986 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).
- 4.3 Amendment to the Rights Agreement, dated March 31, 1987 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 4(c) to the Company's Annual Report on Form 10-K for the year ended February 2, 1987).
- 4.4 Supplemental Rights Agreement and Second Amendment to the Rights Agreement, dated as of July 30, 1987, between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit (c)(4) to the Company's Schedule 13E-4, Issuer Tender Offer Statement, dated July 31, 1987).
- 4.5 Credit Agreement, dated as of December 16, 1993, among PVH, Bankers Trust Company, The Chase Manhattan Bank, N.A., Citibank, N.A., The Bank of New York, Chemical Bank and Philadelphia National Bank, and Bankers Trust Company, as agent (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).
- 4.6 First Amendment, dated as of February 13, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- 4.7 Second Amendment, dated as of July 17, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.7 to the Company's report on Form 10-Q for the period ending October 29, 1995).
- 4.8 Third Amendment, dated as of September 27, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.8 to the Company's report on Form 10-Q for the period ending October 29, 1995).

- 4.9 Fourth Amendment, dated as of September 28, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.9 to the Company's report on Form 10-Q for the period ending October 29, 1995).
- 4.10 Fifth Amendment, dated as of April 1, 1996, to the Credit Agreement dated as of December 16, 1993.
- 4.11 Note Agreement, dated October 1, 1992, among PVH, The Equitable Life Assurance Society of the United States, Equitable Variable Life Insurance Company, Unum Life Insurance Company of America, Nationwide Life Insurance Company, Employers Life Insurance Company of Wausau and Lutheran Brotherhood (incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993).
- 4.12 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 June 13, 1995 (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the period ended October 29, 1995).
- *10.2 1973 Employees' Stock Option Plan (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-8 (Reg. No. 2-72959) filed on July 15, 1981).
- *10.3 Supplement to 1973 Employees' Stock Option Plan (incorporated by reference to the Company's Prospectus filed pursuant to Rule 424(c) to the Registration Statement on Form S-8 (Reg. No. 2-72959) filed on March 31, 1982).
- *10.4 Phillips-Van Heusen Corporation Special Severance Benefit Plan, as amended as of April 16, 1996.
- *10.5 Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to the Company's Report on Form 8-K filed on January 16, 1987).
- *10.6 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).
- *10.7 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).
- *10.8 Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10.8 to the Company's report on Form 10-Q for the period ending October 29, 1995).
- *10.9 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).
- *10.10 Phillips-Van Heusen Corporation Supplemental Savings Plan, dated as of January 1, 1991 and amended and restated as of July 1, 1995.

- 10.11 Asset Sale Agreement, dated January 24, 1995, Among the Company and Crystal Brands, Inc., Crystal Apparel, Inc., Gant Corporation, Crystal Sales, Inc., Eagle Shirtmakers, Inc., and Crystal Brands (Hong Kong) Limited (incorporated by reference to Exhibit 1 to the Company's Report on Form 8-K dated March 6, 1995).
- *10.12 Agreement, dated as of April 28, 1993, between Bruce J. Klatsky, Lawrence S. Phillips and the Company (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- *10.13 Non-Incentive Stock Option Agreement, dated as of April 28, 1993, between the Company and Bruce J. Klatsky. Non-Incentive Stock Option Agreement, dated as of December 3, 1993, between the Company and Bruce J. Klatsky (reload of April 28, 1993 Non-Incentive Stock Option Agreement) (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- *10.14 Amendment, dated December 6, 1993, to the Agreement, dated April 28, 1993, between Bruce J. Klatsky, Lawrence S. Phillips and the Company (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- *10.15 Consulting and non-competition agreement, dated February 14, 1995, between the Company and Lawrence S. Phillips (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- *10.16 Performance Restricted Stock Plan, as amended as of April 16, 1996.
- 13. Sections of the 1995 Annual Report to Stockholders for the fiscal year ended January 28, 1996 which are included in Parts I and II of this Form 10-K. These sections are Selected Quarterly Financial Data, Nine Year Financial Summary, Financial Review and the consolidated financial statements.
- 21. Subsidiaries of the Company.
- 23. Consent of Independent Auditors.
- 27. Financial Data Schedule

(b) Reports filed on Form 8-K filed during the fourth quarter of 1995:

None

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

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

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

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHILLIPS-VAN HEUSEN CORPORATION

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

Date: April 16, 1996

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

Signature	Title	Date
Bruce J. Klatsky Bruce J. Klatsky	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	April 16, 1996
Irwin W. Winter Irwin W. Winter	Executive Vice President and Chief Financial Officer	April 16, 1996
Emanuel Chirico Emanuel Chirico	Vice President and Controller (Principal Accounting Officer)	April 16, 1996
Edward H. Cohen Edward H. Cohen	Director	April 16, 1996
Estelle Ellis Estelle Ellis	Director	April 16, 1996
Joseph B. Fuller Joseph B. Fuller	Director	April 16, 1996
Maria Elena Lagomasino Maria Elena Lagomasino	Director	April 16, 1996
Harry N.S. Lee Harry N.S. Lee	Director	April 16, 1996
Bruce Maggin Bruce Maggin	Director	April 16, 1996
Ellis E. Meredith Ellis E. Meredith	Director	April 16, 1996
Steven L. Osterweis Steven L. Osterweis	Director	April 16, 1996
William S. Scolnick William S. Scolnick	Director	April 16, 1996
Peter J. Solomon Peter J. Solomon	Director	April 16, 1996

The following consolidated financial statement schedules of Phillips-Van Heusen Corporation and subsidiaries are included herein:

Schedule II - Valuation and Qualifying Accounts. F-2
 Schedule IX - Short-Term Borrowings. F-5

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.

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SCHEDULE II

PHILLIPS-VAN HEUSEN CORPORATION
 VALUATION AND QUALIFYING ACCOUNTS
 Year Ended January 28, 1996

Column A Description	Column B Balance at Beginning of Period	Column C Charged to Costs and Expense	Column C Additions Charged to Other Accounts	Column D Deductions	Column E Balance at End of Period
Deducted from asset accounts: Allowance for doubtful accounts.	\$1,616,538	\$912,894(a)	\$3,331,061(b)	\$497,022(c)	\$5,363,471

(a) Provisions for doubtful accounts.
 (b) Primarily reserves acquired in connection with the acquisition of the Gant and Izod businesses from Crystal Brands.
 (c) Primarily uncollectible accounts charged against the allowance provided therefor.

SCHEDULE II

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
Year Ended January 29, 1995

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expense	Additions	Deductions	Balance at End of Period
			Charged to Other Accounts		
Deducted from asset accounts:					
Allowance for doubtful accounts	\$2,171,067	\$508,862(a)	\$277,676(b)	\$1,341,067(c)	\$1,616,538

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

SCHEDULE II - (Continued)

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
Year Ended January 30, 1994

Column A	Column B		Column C	Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expense	Additions	Deductions	Balance at End of Period
			Charged to Other Accounts		
Allowances deducted from asset accounts:					
Allowance for discounts	\$ 19,000	\$ -	\$ -	\$ 19,000(a)	\$ -
Allowance for doubtful accounts	2,311,500	79,228(b)	224,594(c)	444,255(d)	2,171,067
	\$ 2,330,500	\$ 79,228	\$ 224,594	\$ 463,255	\$ 2,171,067

- (a) Allowance reversed since no discounts were given to customers in 1993.
- (b) Provisions for doubtful accounts.
- (c) Recoveries of doubtful accounts previously written off.
- (d) Primarily uncollectible accounts charged against the allowance provided therefor.

SCHEDULE IX

PHILLIPS-VAN HEUSEN CORPORATION

SHORT-TERM BORROWINGS

Column A	Column B	Column C	Column D	Column E	Column F
Category of Aggregate Short-Term Borrowing	Balance At End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period(a)	Weighted Average Interest Rate During the Period(b)
Year ended January 28, 1996:					
Revolving Credit Facilities . . .	\$131,590,000	5.95%	\$204,975,000	\$141,930,000	6.57%
Year ended January 29, 1995:					
Revolving Credit Facilities . . . \$	-	-	\$ 5,260,000	\$ 124,000	6.08%
Year ended January 30, 1994:					
Revolving Credit Facilities . . . \$	-	-	\$ 41,600,000	\$ 7,211,000	4.80%

(a) The average amount outstanding during the period was computed on a daily basis.

(b) The weighted average interest rate during the period was computed by dividing the actual interest expense by the average revolving credit balance outstanding.

SUBSIDIARIES OF THE REGISTRANT

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

Name	State or Other Jurisdiction of Incorporation
G. H. Bass Franchises Inc.	Delaware
G. H. Bass Caribbean Inc.	Delaware
Caribe M&I Ltd.	Cayman Islands
GHB (Far East) Limited	Hong Kong
Van Heusen Transportation Corporation	Delaware
Tejidos De Coamo, Inc.	Delaware
Envoy Pacific Limited	Hong Kong
Confecciones Imperio, S.A.	Costa Rica
Camisas Modernas, S.A.	Guatemala
G. H. Bass Comercio Exportacacao Ltda.	Brazil
PVH Retail Corp.	Delaware
IZOD Gant Corp.	Pennsylvania

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report on Form 10-K of Phillips-Van Heusen Corporation of our report dated March 12, 1996, included in the Annual Report to Stockholders of Phillips-Van Heusen Corporation.

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

We also consent to the incorporation by reference in the Registration Statement (Form S-3 No. 33-50751), Registration Statement (Form S-8 No. 33-59602), Registration Statement (Form S-3 No. 33-46770), Registration Statement (Form S-8 No. 33-38698), Post-Effective amendment No. 1 to the Registration Statement (Form S-8 No. 33-24057), Post-Effective amendment No. 2 to the Registration Statement (Form S-8 No. 2-73803), Post-Effective amendment No. 4 to the Registration Statement (Form S-8 No. 2-72959), Post-Effective amendment No. 6 to the Registration Statement (Form S-8 No. 2-64564), and Post-Effective amendment No. 13 to the Registration Statement (Form S-8 No. 2-47910), of Phillips-Van Heusen Corporation and in the related Prospectuses of our report dated March 12, 1996, with respect to the consolidated financial statements and schedules of Phillips-Van Heusen Corporation included in this Form 10-K for the year ended January 28, 1996.

ERNST & YOUNG LLP

New York, New York
April 24, 1996

FIFTH AMENDMENT, dated as of April 1, 1996 (this "Amendment"), among PHILLIPS-VAN HEUSEN CORPORATION (the "Borrower"), the financial institutions party to the Credit Agreement referred to below (the "Banks"), and BANKERS TRUST COMPANY, as agent (in such capacity, the "Agent") for the Banks. All capitalized terms used herein and not otherwise defined shall have the meanings specified in the Credit Agreement referred to below.

W I T N E S S E T H :

WHEREAS, the Borrower, the Banks and the Agent are parties to a Credit Agreement, dated as of December 16, 1993 (as modified, supplemented or amended prior to the date hereof, the "Credit Agreement");

WHEREAS, subject to the terms and conditions hereof, the Banks and the Borrower have agreed to amend the Credit Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual premises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Credit Agreement is hereby amended by (a) deleting Section 8.05 thereof in its entirety and (b) inserting in lieu thereof the following new Section 8.05:

"8.05 Interest Coverage Ratio. The Borrower will not permit the ratio of (i) EBITDA to (ii) Interest Charges for any period of four consecutive fiscal quarters of the Borrower (taken as one accounting period) ending on a date set forth below to be less than the ratio set forth opposite such date below:

Fiscal Quarter Ending on or about	Ratio
April 30, 1996	2.35:1.00
July 31, 1996	2.35:1.00
October 31, 1996	2.50:1.00
January 31, 1997	2.50:1.00
April 30, 1997	2.75:1.00
July 31, 1997	2.75:1.00
October 31, 1997	3.00:1.00
January 31, 1998	3.00:1.00
April 30, 1998	3.25:1.00
July 31, 1998	3.25:1.00
Thereafter	3.50:1.00

2. Section 10 of the Credit Agreement is hereby amended by (a) deleting the definitions of "Applicable CD Rate Margin," "Applicable Commitment Commission Percentage," "Applicable Eurodollar Margin" and "EBIT" in their entirety and (b) inserting the following new definitions in appropriate alphabetical order:

"Applicable CD Rate Margin" shall mean, at any time when the Credit Rating is at any level set forth below, a percentage equal to the number of basis points set forth below opposite such Credit Rating (with 100 basis points equalling 1.0%):

Credit Rating	Applicable CD Rate Margin
A-/A3	27.5
BBB+/Baa1	32.5
BBB/Baa2	37.5
BBB-/Baa3	47.5
BB+/Ba1	62.5
BB/Ba2 or lower	112.5

"Applicable Eurodollar Margin" shall mean, at any time when the Credit Rating of the Borrower is at any level set forth below, a percentage equal to the number of basis points set forth below opposite such Credit Rating (with 100 basis points equalling 1.0%):

Credit Rating	Applicable Eurodollar Margin
---------------	------------------------------------

A-/A3	15
BBB+/Baa1	20
BBB/Baa2	25
BBB-/Baa3	35
BB+/Ba1	50
BB/Ba2 or lower	100

"Applicable Letter of Credit Percentage" shall mean, at any time when the Credit Rating is at any level set forth below, a percentage equal to the number of basis points set forth below opposite such Credit Rating (with 100 basis points equalling 1.0%):

Credit Rating	Applicable Letter of Credit Percentage
A-/A3	40
BBB+/Baa1	45
BBB/Baa2	50
BBB-/Baa3	60
BB+/Ba1	75
BB/Ba2 or lower	125

"EBIT" shall mean, for any period, the sum of (i) Consolidated Net Income of the Borrower for such period, (ii) provisions for taxes based on income or profits to the extent such income or profits were included in computing Consolidated Net Income and (iii) consolidated interest expense (including amortization of original issue discount and non-cash interest payments or accruals and the interest component of capitalized lease obligations), net of interest income theretofore deducted from earnings in computing Consolidated Net Income for such period; provided, however, that EBIT shall be determined without giving effect to the Borrower's \$27,000,000 restructuring charge reflected in its financial statements for the fiscal year ending on or about January 31, 1996.

"EBITDA" shall mean, for any period, EBIT for such period, adjusted by adding thereto the amount of all depreciation expense and amortization expense (net of amortization of landlord allowance) that were deducted in determining EBIT for such period.

3. This Amendment shall become effective on the date (the "Amendment Effective Date") on which the Borrower and the Required Banks shall have executed and delivered a counterpart of this Amendment.

4. Except as expressly amended hereby, the terms and conditions of the Credit Agreement shall remain unchanged and in full force and effect.

5. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

6. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Amendment as of the date first above written.

PHILLIPS-VAN HEUSEN CORPORATION

By
Title:

BANKERS TRUST COMPANY,
Individually, and as Agent

By
Title:

THE CHASE MANHATTAN BANK, N.A.

By
Title:

CITIBANK, N.A.

By
Title:

THE BANK OF NEW YORK

By
Title:

CHEMICAL BANK

By
Title:

THE FIRST NATIONAL BANK OF BOSTON

By
Title:

CIBC, INC.

By
Title:

UNION BANK

By
Title:

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 of 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

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of Mr. Klatsky at any time prior to his retirement as an employee or (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.

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

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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 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 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.

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.

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 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 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 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.

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 1290 Avenue of the Americas, New York, New York 10104, 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
SUPPLEMENTAL SAVINGS PLAN
(Effective as of January 1, 1991)
(As Amended and Restated Effective as of July 1, 1995)

WHEREAS,

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

2. The Company believes that the Supplemental Savings Plan (the "Plan") (which was originally adopted as the "Supplemental Defined Contribution Plan") will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success.

3. The Company has amended the Associates Investment Plan effective as of July 1, 1995 to provide additional benefits to the participants thereunder.

4. In conjunction with the amendment of the Associates Investment Plan referred to in Recital 3, the Company desires to amend and restate the Plan effective as of July 1, 1995.

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

NOW, THEREFORE, the Company hereby amends and restates the Plan effective as of July 1, 1995 so that it shall read follows:

ARTICLE I
Participation

1.01 Each person who (a) is a management or highly compensated employee of the Company and/or one or more of its Subsidiaries within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, (b) shall have satisfied the eligibility requirements for the Associates Investment Plan and (c) whose annual rate of Compensation shall exceed (i) prior to January 1, 1996, \$100,000 and (ii) after December 31, 1995, the \$150,000 figure set forth in section 401(a)(17) of the Code as adjusted as provided therein, shall be eligible to become a Participant in

the Plan; provided, however, that any person who shall have been a Participant in the Plan on December 31, 1995 shall remain eligible to participate in the Plan on January 1, 1996.

1.02 Subject to the provisions of Section 1.01, the Committee shall, at any time and from time to time, select the employees of the Company and its Subsidiaries who are to become Participants and, as promptly as shall be practicable thereafter, the Committee shall communicate such determination in writing to each such Participant.

ARTICLE II
Contributions

2.01 Subject to such conditions as the Committee may at anytime and from time to time determine, each Participant who shall desire to make contributions to the Plan with respect to any calendar year shall file with the Company his or her election to contribute to the Plan with respect to such calendar year.

2.02 Each Contribution Election with respect to a calendar year shall be irrevocable, shall not be subject to amendment and shall be filed with the Company on or prior to the last day of the preceding calendar year; provided, however, that (a) a Contribution Election with respect to the period commencing on the Amendment Date and ending on December 31, 1995 may be filed with the Company on or prior to June 20, 1995, and (b) if a person shall first become eligible to participate in the Plan

during a calendar year as a result of satisfying the eligibility requirements for the Associates Investment Plan, such person may file a Contribution Election with respect to the portion of such calendar year commencing on the date on which he or she shall have become eligible to participate in the Plan within thirty (30) days of such date.

2.03 Each Contribution Election with respect to a calendar year shall specify the amount which the Participant filing the same desires to contribute to the Plan with respect to such calendar year or the method of calculating such amount; provided, however, that, except as otherwise provided in Section 2.04, no Participant may contribute to the Plan with respect to any calendar year an amount which shall exceed the excess of fifteen percent (15%) of his or her Compensation with respect to such calendar year over the maximum amount which he or she is entitled to contribute to the Associates Investment Plan with respect to the plan year thereof ending contemporaneously with such calendar year. The Company shall (either directly or through a Subsidiary) withhold from the Compensation otherwise payable to such Participant during such calendar year the amounts specified in, or calculated in accordance with, the Contribution Election of such Participant as in effect with respect to such calendar year.

2.04 In the event that, as a result of the application of the provisions of the Associates Investment Plan designed to

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

2.05 Notwithstanding the provisions of Sections 2.03 and 2.04, if any Participant shall have effected a withdrawal from the Associates Investment Plan on account of a "hardship withdrawal" within the contemplation of Reg. Sec. 1.401(k)-1(d)(2)(i) promulgated under the provisions of section 401(k) of the Code, then, during the period of one year commencing on the date of such withdrawal, neither the Company nor any of its Subsidiaries shall withhold any amounts from the Compensation otherwise payable to such Participant for the purposes of the Plan.

ARTICLE III

Accounts

3.01 The Company shall establish and maintain on its books a separate Phantom Stock Elective Contribution Account with respect to each Participant who shall have become such prior to the Amendment Date. The credit balance therein at the opening of business on the Amendment Date shall be equal to the number of Phantom Shares credited to his or her Elective Contribution

Account under the Plan as in effect immediately prior to the Amendment Date.

3.02 The Company shall establish and maintain on its books a separate Cash Elective Contribution Account with respect to each Participant and, as of the Valuation Date occurring in each calendar month, shall credit to such Account an amount equal to the sum of (a) the aggregate Regular Contributions of such Participant with respect to such calendar month and (b) the Replacement Contributions of such Participant with respect to such calendar month.

3.03 The Company shall establish and maintain on its books a separate Phantom Stock Matching Contribution Account with respect to each Participant and, as of the Valuation Date occurring in each calendar month, shall credit to such Account the number of Phantom Shares derived by dividing (a) the sum of (i) fifty percent (50%) of the aggregate Basic Regular Contributions of such Participant with respect to such calendar month and (ii) the Forfeited Matching Contributions of such Participant with respect to such calendar month by (b) the Fair Market Value of a share of the Common Stock on such Valuation Date; provided, however, that, if such Participant shall have theretofore attained his or her 55th birthday and shall have filed an election hereunder to have the Company's Matching Contributions credited to his or her Cash Matching Contribution Account instead of to his or her Phantom Stock Matching

Contribution Account, no such credit to such Participant's Phantom Stock Matching Contribution Account shall be made.

3.04 The Company shall establish and maintain on its books a separate Cash Matching Contribution Account with respect to each Participant who shall have attained his or her 55th birthday and shall have filed an election hereunder to have the Company's Matching Contributions credited to his or her Cash Matching Contribution Account instead of to his or her Phantom Stock Matching Contribution Account and, as of the Valuation Date occurring in each calendar month, shall credit to such Account an amount equal to the sum of (a) fifty percent (50%) of the aggregate Basic Regular Contribution of such Participant with respect to such calendar month and (b) the Forfeited Matching Contributions of such Participant with respect to such calendar month; provided, however, that, unless the Committee shall otherwise determine, no Participant who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, may file an election under the provisions of this Section other than during a period beginning on the third (3rd) business day following the date of the release by the Company for publication of its quarterly or annual summary statements of sales and earnings and ending on the twelfth (12th) business day following such date.

3.05 If any Participant who shall have a Phantom Stock Elective Contribution Account shall so elect prior to any

Valuation Date, the Company shall, as of such Valuation Date, charge to such Phantom Stock Elective Contribution Account the number of Phantom Shares specified in, or calculated in accordance with, the provisions of such election and credit to such Participant's Cash Elective Contribution Account an amount equal to the product of (a) such number of Phantom Shares and (b) the Fair Market Value of a share of the Common Stock on such Valuation Date; provided, however, that, unless the Committee shall otherwise determine, no Participant who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, may file an election under the provisions of this Section other than during a period beginning on the third (3rd) business day following the date of the release by the Company for publication of its quarterly or annual summary statements of sales and earnings and ending on the twelfth (12th) business day following such date.

3.06 If any Participant who shall have a Phantom Stock Matching Contribution Account and who shall have attained his or her 55th birthday shall so elect prior to any Valuation Date, the Company shall, as of such Valuation Date, charge to such Phantom Stock Matching Contribution Account the number of Phantom Shares specified in, or calculated in accordance with, the provisions of such election and credit to such Participant's Cash Matching Contribution Account an amount equal to the product of (a) such number of Phantom Shares and (b) the Fair Market Value of a share of the Common Stock on such Valuation Date; provided, however,

that, unless the Committee shall otherwise determine, no Participant who is subject to the provisions of Section 16 of the Securities Exchange Act of 1934, as amended, may file an election under the provisions of this Section other than during a period beginning on the third (3rd) business day following the date of the release by the Company for publication of its quarterly or annual summary statements of sales and earnings and ending on the twelfth (12th) business day following such date.

3.07 The Company shall, as of each Valuation Date, credit to each Cash Elective Contribution Account and to each Cash Matching Contribution Account an amount equal to interest on the balance therein as of the preceding Valuation Date at a rate per annum equal to the Plan Interest Rate in effect with respect to the calendar year in which such first mentioned Valuation Date shall occur.

ARTICLE IV
Dividends

4.01 In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, or in the event that the Common Stock shall be changed into a different number of shares of stock of the Company through reorganization or stock split-up, the Company shall, on the date fixed for determining the stockholders of the Company entitled to receive such stock dividend or to participate in such stock split-up,

credit to each Stock Account the number of Phantom Shares which the Participant for whom such Stock Account was created would have received as a result of such stock dividend or stock split-up if such Participant were a stockholder of record on such record date with respect to a number of shares of the Common Stock equal to the number of Phantom Shares theretofore credited to such Stock Account and if such stock dividend or stock split-up were payable with respect to whole and fractional shares of the Common Stock.

4.02 In the event that a dividend shall be declared upon the Common Stock payable other than in shares of the Common Stock, the Company shall, on the last Valuation Date occurring in each calendar year, credit to each Stock Account the number of Phantom Shares derived by dividing (a) the product of (i) the average number of Phantom Shares constituting the credit balance in such Stock Account during such calendar year (calculated without giving effect to the application of the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year) and (ii) the aggregate dividends paid with respect to a share of the Common Stock during such calendar year (determined, if any event referred to in Section 4.01 shall have occurred during such calendar year, as if such event had not occurred) by (b) the Fair Market Value of a share of the Common Stock on such last Valuation Date; provided, however, that, if any Participant shall have made the election referred to in Section 3.05 and/or Section 3.06 as of a Valuation Date occurring

in such calendar year prior to the last such Valuation Date, and if such election shall have referred to all of the Phantom Shares held in such Account, then, as of such last Valuation Date, the credit hereinbefore in this Section 4.02 referred to shall not be made and, instead, the Company shall as of such last Valuation Date, credit to such Participant's Cash Elective Contribution Account and/or Cash Matching Contribution Account, as the case may be, an amount equal to the product of (i) the average number of Phantom Shares constituting the credit balance in such Stock Account during such calendar year (calculated without giving effect to the application of the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year) and (ii) the aggregate dividends paid with respect to a share of the Common Stock during such calendar year (determined, if any event referred to in Section 4.01 shall have occurred during such calendar year, as if such event had not occurred).

ARTICLE V

Termination of Participation; Benefits

5.01 Nothing contained herein shall require the Company or any of its Subsidiaries to continue any Participant in its employ, or require any Participant to continue in the employ of the Company or of any Subsidiary or require the Company or any Subsidiary to rehire any Participant.

5.02 If the employment of any Participant by the Company and all of its Subsidiaries shall terminate for any reason what

ever, his or her participation under the Plan shall terminate on the Valuation Date occurring in the calendar month in which the date of such termination shall occur. (For the purposes hereof, if the Subsidiary by which a Participant is employed shall cease to be a Subsidiary, and if such Participant shall not thereupon become an employee of the Company or another Subsidiary, his or her employment by the Company and its Subsidiaries shall be deemed to have terminated.)

5.03 The Company shall, as of and on or as promptly as shall be practicable after a Former Participant's Payment Date, pay to such Former Participant (or, in the event of his or her death, to the executors or administrators of his or her estate) an amount, without any interest or earnings thereon from and after his or her Payment Date, equal to the sum of

(a) an amount equal to the sum of (i) the product of (A) the number of Phantom Shares constituting the credit balance in his or her Phantom Stock Elective Contribution Account as of his or her Payment Date and (B) the Fair Market Value of a share of the Common Stock on his or her Payment Date and (ii) if his or her Payment Date shall not be the last business day of a calendar year, the aggregate amount of the cash dividends he or she would have received during the calendar year in which his or her Payment Date shall occur if, on each day in such calendar year through and including such Payment Date he or she were the record

owner of a number of shares of the Common Stock equal to the average number of Phantom Shares constituting the credit balance in such Account during the portion of such calendar year ending on his or her Payment Date (calculated without giving effect to the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year),

and

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

and

(c) an amount equal to his or her Vested Percentage of the sum of (i) the product of (A) the number of Phantom Shares constituting the credit balance in his or her Phantom Stock Matching Contribution Account as of his or her Payment Date and (B) the Fair Market Value of a share of the Common Stock on his or her Payment Date and (ii) if his or her Payment Date shall not be the last business day of a calendar year, the aggregate amount of the cash dividends he or she would have received during the calendar year in which his or her Payment Date shall occur if, on each day in such calendar year through and including such Payment Date he or she were the record owner of a number of shares of the Common Stock equal to the average number of Phantom Shares credited to such Account during the portion of such calendar

year ending on his or her Payment Date (calculated without giving effect to the provisions of Section 4.01, if such provisions shall have become applicable during such calendar year), and

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

ARTICLE VI

General

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

6.02 Notwithstanding any provisions of the Plan to the contrary, the Company may, if the Committee in its sole and absolute discretion shall determine, offset any amounts to be

paid to a Former Participant (or, in the event of his or her death, to the executors or administrators of his or her estate) under the Plan against any amounts which such Former Participant may owe to the Company and/or any one of more of its Subsidiaries.

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

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

ARTICLE VII
Administration

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

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

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

hereunder and all of the duties and obligations so imposed upon the initial Committee members hereunder.

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

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

7.06 In addition to all rights to allocate and delegate responsibilities, obligations or duties specifically granted to the Committee by the provisions hereof, it is specifically understood that the Committee is hereby granted, and shall always have, to the fullest extent allowed by law, by a written instrument executed by all of the members of the Committee and revocable by any one or more of them, the power to allocate any and all specific responsibilities, obligations or duties among themselves and to delegate to any other person, firm or corporation the responsibility to carry out any of their responsibilities

hereunder and, to the extent of any such allocation or delegation, the person or persons effecting such allocation or delegation shall have no responsibility for any acts or omissions of the other person, firm or corporation to whom such responsibilities, obligations or duties have been allocated or delegated.

7.07 The Company and the Committee shall each keep such records, and shall each seasonably give notice to the other of such information, as shall be proper, necessary or desirable in order to effectuate the purposes of the Plan, including, without in any manner limiting the generality of the foregoing, records and information with respect to the benefits granted to Participants, dates of employment and determinations made hereunder. Neither the Company nor the Committee shall be required to duplicate any records kept by the other. To the extent that the Company and/or the Committee shall prescribe forms for use by the Participants and Former Participants in communicating with the Company or the Committee, as the case may be, and/or shall establish periods during which communications may be received or elections made, the Company and the Committee shall respectively be protected in disregarding any notice or communication for which a form shall have been so proscribed and which shall not be received on such form and/or any notice, communication or election for the receipt of which a period shall so have been established and which shall not be received during such period, and the Company and the Committee shall also respectively be protected in accepting any notice or communication which shall

not be made on the proper form and/or in accepting any notice, communication or election which shall not be received during the proper period, and their doing so shall not be deemed to create any precedent with respect thereto. The Company and the Committee shall respectively also be protected in acting upon any notice or other communication purporting to be signed by any person and reasonably believed to be genuine and accurate.

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

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

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

ARTICLE VIII
Claims Procedure

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

8.02 If the Claims Officer shall deny a claim in whole or in part, the Claimant shall be given written notice of this decision within ninety (90) days after the claim is filed. In the event that special circumstances require more time, this

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

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

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

ARTICLE IX
Definitions

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

9.02 The term "Amendment Date" shall mean July 1, 1995.

9.03 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.

9.04 The term "Associates Investment Plan" shall mean the Phillips-Van Heusen Corporation Associates Investment Plan as in effect at the time with respect to which such term is used.

9.05 The term "Basic Regular Contribution", as used with respect to a Participant and with respect to a calendar year, shall mean the portion of the Regular Contribution of such Participant with respect to such calendar year which does not exceed the excess of six percent (6%) of his or her Compensation with respect to such calendar year over the maximum amount which he or she is entitled to contribute to the Associates Investment Plan with respect to the Plan Year thereof ending contemporaneously with such calendar year.

9.06 The term "Board" shall mean the board of directors of the Company or any committee designated by said board of directors to have its authority with respect to the Plan.

9.07 The term "business day" shall mean a day which is not a Saturday, Sunday or legal holiday in the State of New York.

9.08 The term "Cash Elective Contribution Account", as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant or Former Participant in accordance with the provisions of Section 3.02.

9.09 The term "Cash Matching Contribution Account", as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant in accordance with the provisions of Section 3.04 and/or 3.06.

9.10 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 by 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 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.

9.11 The term "Claims Officer" shall mean the Vice President-Human Resources of the Company or, if the Claimant shall be the Vice President-Human Resources of the Company, the Chief Financial Officer of the Company.

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

9.13 The term "Committee" shall mean the Compensation Committee of the Board which is charged with the administration of the Plan.

9.14 The term "Common Stock", as used with respect to any date, shall mean the shares of the common stock, \$1.00 par value, of the Company authorized on the Amendment Date and any shares of stock which may, at any time prior to the date on which such term is used, be issued in exchange for and/or upon a change of such shares of Common Stock or any other shares, whether in subdivision or combination thereof, or otherwise, but not any shares of stock which may be issued as a dividend or stock-split on or with respect to said shares of Common Stock or any other such shares.

9.15 The term "Compensation", as used with respect to a Participant and with respect to a calendar year, shall mean the

regular cash compensation paid by the Company and its Subsidiaries to such Participant during such calendar year, including commissions, overtime compensation, bonus payments, vacation pay, holiday pay and other paid leave but exclusive of moving expenses, deferred compensation, benefit plan pay, imputed compensation, workers' compensation and severance pay and determined without giving effect to any contributions made to the Associates Investment Plan by or on behalf of such Participant during such calendar year or to a plan within the meaning of section 125 of the Code.

9.16 The term "Contribution Election", as used with respect to a Participant and with respect to any time, shall mean such Participant's authorization referred to in Section 2.01 as in effect at the time with respect to which such term is used.

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

9.18 The term "Fair Market Value", as used with respect to a share of the Common Stock and with respect to any date, shall mean the closing sale price of a share of the Common Stock as published by the national securities exchange on which the shares of the Common Stock are traded on such date or, if there is no sale of the Common Stock on such date, the average of the bid and asked prices on such exchange at the close of trading on such date or, if the shares of the Common Stock are not listed on a

national securities exchange on such date, the average of the bid and asked prices in the over-the-counter market on such date or, if the Common Stock is not traded on a national securities exchange or in the over-the-counter market, the fair market value of a share of the Common Stock on such date as shall be determined in good faith by the Committee.

9.19 The term "Forfeited Matching Contribution", as used with respect to a Participant and with respect to a calendar month, shall mean any amounts which are forfeited by such Participant during such calendar month under the Associates Investment Plan other than any such amounts which are forfeited as an incident to the termination of his participation thereunder.

9.20 The term "Former Participant" shall mean a person whose participation under the Plan shall have terminated in accordance with the provisions of Section 5.02.

9.21 The term "Participant" shall mean a person who shall have become a Participant under the Plan in accordance with the provisions of Section 1.02 and whose participation shall not have terminated in accordance with the provisions of Section 5.02.

9.22 The term "Payment Date", as used with respect to a Former Participant, shall mean his or her Termination Date; provided, however, that, if such Former Participant shall be a "covered employee" of the Company within the meaning of section

162(m)(3) of the Code with respect to the taxable year of the Company in which his or her Termination Date shall occur, then, such Former Participant's Payment Date shall be the first Valuation Date occurring in the succeeding taxable year of the Company.

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

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

9.25 The term "Phantom Share" shall mean a credit to a Stock Account of a Participant or Former Participant which is equal in value to one share of the Common Stock.

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

9.27 The term "Phantom Stock Matching Contribution Account", as used with respect to a Participant or Former Participant, shall mean the separate account which the Company is required to establish and maintain with respect to such Participant or Former Participant in accordance with the provisions of Section 3.03.

9.28 The term "Plan Interest Rate", as used with respect to a calendar year, shall mean a rate per annum equal to the yield to maturity on a 10 Year Treasury Note on the first business day of such calendar year; provided, however, that for the period beginning on July 1, 1995 and ending on December 31, 1995, the term "Plan Interest Rate" shall mean a rate per annum equal to the yield to maturity on a 10 Year Treasury Note on the first business day of July, 1995.

9.29 The term "Regular Contribution", as used with respect to a Participant and with respect to a calendar month, shall mean an amount withheld from the Compensation of such Participant with respect to such calendar month for the purposes of the Plan in accordance with the provisions of Section 2.03.

9.30 The term "Replacement Contribution", as used with respect to a Participant and with respect to a calendar month, shall mean an amount withheld from the Compensation of such Participant with respect to such calendar month for the purposes of the Plan in accordance with the provisions of Section 2.04.

9.31 The term "Stock Account" shall mean each of a Phantom Stock Elective Contribution Account and a Phantom Stock Matching Contribution Account.

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

9.33 The term "Termination Date", as used with respect to a Former Participant, shall mean the date on which his or her participation under the Plan shall terminate in accordance with the provisions of Section 5.02.

9.34 The term "Valuation Date" shall mean each of (a) the Amendment Date and (b) the last business day of each calendar month thereafter.

9.35 The term "Vested Percentage", as used with respect to a Former Participant and with respect to any date, (a) shall mean

one hundred percent (100%) if he or she shall have attained his or her sixty-fifth (65th) birthday on or prior to such date while in the employ of the Company and/or any of its Subsidiaries or if his or her employment by the Company and all of its Subsidiaries shall have terminated on or prior to such date by reason of his or her death or Permanent Disability or after he or she shall have a Vested Percentage of one hundred percent (100%) under the Associates Investment Plan and (b) shall mean zero percent (0%) if his or her employment by the Company and its Subsidiaries shall have terminated on or prior to such date under any other circumstances, provided, however, that, from and after the occurrence of a Change in Control, each Participant's Vested Percentage shall be one hundred percent (100%).

ARTICLE X

Amendment; Termination

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

ARTICLE XI
Construction

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

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

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

PHILLIPS-VAN HEUSEN CORPORATION

By

PHILLIPS-VAN HEUSEN CORPORATION

PERFORMANCE RESTRICTED STOCK PLAN
(As Amended Effective as of April 16, 1996)

1. Purpose. The purpose of the Phillips-Van Heusen Performance Restricted Stock Plan (the "Plan") is to induce certain senior executive employees to remain in the employ of the Company and its present and future Subsidiaries, to attract new individuals to enter into such employ, to encourage ownership of shares in the Company by such employees and to provide additional incentive for such employees to promote the success of the Company's business.

2. Definitions

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

(b) "Award" shall mean an amount calculated with respect to a Participant and with respect to a Fiscal Year in accordance with the provisions of Section 8(c).

(c) "Base Compensation", as used with respect to a Participant and with respect to a Fiscal Year, shall mean such Participant's annual rate of salary from the Company and its Subsidiaries on the first business day of such Fiscal Year; provided, however, that if a Participant shall not be an employee

of the Company or any of its Subsidiaries on the first day of a Fiscal Year, then his Base Compensation with respect to such Fiscal Year shall be equal to the product of (i) such Participant's annual rate of salary from the Company and its Subsidiaries on the first business day on which he or she shall become such an employee and (ii) the fraction the numerator of which shall be the number of days remaining in such Fiscal Year from and after the date on which he or she shall have first become an employee of the Company and/or one or more of its Subsidiaries and the denominator of which shall be the number of days in such Fiscal Year.

(d) "Board" shall mean the Board of Directors of the Company.

(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 by 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 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 three-fourths of the directors of the Company who have been directors of the Company for at least two years, or (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.

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

(g) "Common Stock" shall mean the shares of the common stock, \$1.00 par value, of the Company authorized and outstanding on the date of the adoption of the Plan.

(h) "Company" shall mean Phillips-Van Heusen Corporation, a Delaware corporation.

(i) "Corporate EBIT Goal" shall mean a dollar amount established by the Committee with respect to a Fiscal Year as provided in Section 8(a) of the consolidated net income of the Company and its Subsidiaries before interest and taxes, after charges with respect to the Plan required by generally accepted

accounting principles, before non-operating expenses and/or reserves, including but not limited to expenses and/or reserves for plant closings and/or restructurings, before any extraordinary items within the contemplation of generally accepted accounting principles, and with such additional modifications as the Committee shall determine at or prior to its determination referred to in Section 8(a). Such net income shall be determined in accordance with generally accepted accounting principles consistently applied.

(j) "Corporate Executive Goal" shall mean a dollar amount established by the Committee with respect to a Fiscal Year which shall be equal to the aggregate of the Divisional Goals with respect to such Fiscal Year (as adjusted to eliminate duplication) minus the corporate and other expenses with respect to such Fiscal Year taken into account in determining the Corporate EBIT Goal with respect to such Fiscal Year, and with such additional modifications as the Committee shall determine at or prior to its determination referred to in Section 8(a).

(k) "Corporate Executive Group" shall mean all of the following officers of the Company: Chief Executive Officer, Chief Financial Officer, Treasurer, Controller, Vice President of Human Resources and Vice President, Chief Information Officer and such other senior executive officers, if any, as the Committee shall determine at or prior to its determination referred to in Section 8(a).

(l) "Discharge for Cause" shall mean the termination of a Participant's employment by the Company and its Subsidiaries by reason of (i) the commission by such Participant of any act or omission that would constitute a crime under federal, state or equivalent foreign law, (ii) the commission by such 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 of such Participant to the Company and/or any one or more of its Subsidiaries, or (iv) continued alcohol or other substance abuse that renders such Participant incapable of performing his or her material duties to the satisfaction of the Company and/or its Subsidiaries.

(m) "Divisional Goal" shall mean a dollar amount established by the Committee with respect to a Fiscal Year as provided in Section 8(a) of the net income of the operating division with respect to which such determination is made before interest and taxes, after charges with respect to the Plan required by generally accepted accounting principles and allocated to such operating division, before non-operating expenses and/or reserves, including but not limited to expenses and/or reserves for plant closings and/or restructurings, before any extraordinary items within the contemplation of generally accepted accounting principles, and with such additional modifications as the Committee shall determine at or prior to its determination referred to in Section 8(a). Such net income shall

be determined in accordance with generally accepted accounting principles consistently applied.

(n) "Exchange Act" shall mean the Securities Exchange Act of 1934 as in effect at the time with respect to which such term is used.

(o) 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 such date or (ii) if there is no sale of the Common Stock on such Exchange on such date, the average of the bid and asked prices on such Exchange at the close of the market on such date.

(p) "Fiscal Year" shall mean the 52 or 53 week period ending on the Sunday on or closest to January 31 of each calendar year on the basis of which the Company maintains its books and records.

(q) "Grant Value", as used with respect to a share of the Common Stock and with respect to a Fiscal Year, shall mean the greater of (i) the average of the Fair Market Values of a share of the Common Stock at the close of trading on each business day included in the 90 day period ending on the last day of such Fiscal Year and (ii) 85% of the Fair Market Value thereof on the last business day of such Fiscal Year.

(r) "Participant" shall mean a senior executive employee of the Company and/or one or more of its Subsidiaries who shall have become a Participant hereunder as provided in Section 8(a).

(s) "Permanent Disability" shall mean a physical and/or mental condition of a Participant caused by a non-self-inflicted injury, illness or disease which, in the opinion of the Committee, based upon such medical evidence as the Committee shall reasonably determine, renders such Participant unable to perform the duties and responsibilities of his or her position with the Company and its Subsidiaries and which will be permanent and continuous for the remainder of his or her life.

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

(u) "Restricted Stock Agreement" shall mean an agreement between the Company and a Participant embodying the restrictions on the transfer of Restricted Shares referred to in Section 10.

(v) "Stock Restrictions" shall mean the restrictions on the ability of a Participant to transfer Restricted Shares issued to such Participant hereunder referred to in Sections 10(a) and 10(b) and embodied in a Restricted Stock Agreement between the Company and such Participant.

(w) "Subsidiary" shall have the meaning ascribed thereto by the provisions of section 424(f) of the Code.

(x) "Termination Without Cause" shall mean the termination of a Participant's employment by the Company and all of its Subsidiaries at the request of the Company under circumstances which do not constitute Discharge for Cause.

3. Effective Date of the Plan. The Plan became effective on April 18, 1995, by action of the Board, subject to ratification of the Plan at the 1995 Annual Meeting of the Stockholders of the Company.

4. Stock Subject to Plan. 600,000 of the authorized but unissued shares of the Common Stock are hereby reserved for issuance 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 issuance under the Plan. If any shares of the Common Stock issued under the Plan are reacquired by the Company as provided in Section 10(b), such shares shall again be available for the purposes of the Plan.

5. Committee. The Plan shall be administered by a Committee which shall consist of two or more members of the Board both or all of whom shall be "disinterested persons" within the meaning of Rule 16b-3(c)(i) promulgated under the Exchange Act and "outside directors" within the contemplation of section

162(m)(4)(C) 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 of 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. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.

6. Administration. 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 Corporate EBIT Goal, the Corporate Executive Goal and the various Divisional Goals with respect to each Fiscal Year, to determine the terms and provisions of the Restricted Stock Agreements, to determine the Participants with respect to each Fiscal Year 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 Participants, their present and potential contributions to the success of the Company and its 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 6 shall be conclusive.

Any dispute or disagreement which may arise hereunder or under any Restricted Stock Agreement or as a result of or with respect to any Award shall be determined by the Committee, in its sole discretion, and any interpretations by the Committee of the terms thereof shall be final, binding and conclusive.

7. Eligibility. Participation in the Plan with respect to any Fiscal Year shall only be available to persons who are senior executive employees of the Company and/or one or more of its Subsidiaries on the date of the Committee's determination with respect to such Fiscal Year provided for in Section 8(a).

8. Calculation of Fiscal Year Awards. (a) The Committee shall, no later than 90 days after the commencement of each Fiscal Year, determine the senior executive employees of the Company and its Subsidiaries who will participate in the Plan with respect to such Fiscal Year, the Corporate EBIT Goal and the Corporate Executive Goal which will be applicable with respect to such Fiscal Year and, in the case of each Participant who is not a member of the Corporate Executive Group, the Divisional Goal with respect to the operating division for which such Participant has responsibility. The Committee shall promptly thereafter send written notice of such determination to the Board and the Chief Financial Officer of the Company and, to the extent applicable to any Participant, to such Participant.

(b) The Committee shall, within 30 days after the receipt of the Company's audited financial statements with respect to any Fiscal Year, calculate the percentage of the Corporate EBIT Goal

which has been achieved with respect to such Fiscal Year and, if such percentage is at least 100%, the percentage of the Corporate Executive Goal and of each Divisional Goal which has been achieved with respect to such Fiscal Year and the amount of the Award which has been earned by each Participant with respect to such Fiscal Year. Each Participant's Award with respect to any Fiscal Year shall be determined in accordance with the provisions of Section 8(c) and, except as otherwise provided in Section 8(d), shall be the sum of the amount calculated with respect to him or her in accordance with the provisions of Section 8(c)(i) and whichever shall be applicable of Sections 8(c)(ii) and 8(c)(iii). The Committee shall, promptly after it has made such calculations, send written notice thereof to the Board and the Chief Financial Officer of the Company and, to the extent applicable to any Participant, to such Participant.

(c) The amount of each Participant's Award with respect to each Fiscal Year shall be the sum of the amounts calculated as follows:

(i) In the case of each Participant, if the Corporate EBIT Goal is achieved with respect to such Fiscal Year, an amount equal to 25% of his or her Base Compensation with respect to such Fiscal Year.

(ii) If at least 100% of the Corporate EBIT Goal is achieved with respect to such Fiscal Year, then, in the case of each Participant who shall be a member of the Corporate

Executive Group on the date of the Committee's determination referred to in Section 8(a), (A) if at least 90% but less than 95% of the Corporate Executive Goal is achieved with respect to such Fiscal Year, an amount equal to 12-1/2% of his or her Base Compensation with respect to such Fiscal Year, (B) if at least 95% but less than 100% of the Corporate Executive Goal is achieved with respect to such Fiscal Year, an amount equal to 18-3/4% of his or her Base Compensation with respect to such Fiscal Year, (C) if at least 100% but less than 105% of the Corporate Executive Goal is achieved with respect to such Fiscal Year, an amount equal to 25% of his or her Base Compensation with respect to such Fiscal Year, (D) if at least 105% but less than 110% of the Corporate Executive Goal is achieved with respect to such Fiscal Year, an amount equal to 31-1/4% of his or her Base Compensation with respect to such Fiscal Year, and (E) if at least 110% of the Corporate Executive Goal is achieved with respect to such Fiscal Year, an amount equal to 37-1/2% of his or her Base Compensation with respect to such Fiscal Year.

(iii) If at least 100% of the Corporate EBIT Goal is achieved with respect to such Fiscal Year, then, in the case of each Participant who shall not be a member of the Corporate Executive Group on the date of the Committee's determination referred to in Section 8(a), (A) if at least 90% but less than 95% of his or her Divisional Goal is

achieved with respect to such Fiscal Year, an amount equal to 12-1/2% of his or her Base Compensation with respect to such Fiscal Year, (B) if at least 95% but less than 100% of his or her Divisional Goal is achieved with respect to such Fiscal Year, an amount equal to 18-3/4% of his or her Base Compensation with respect to such Fiscal Year, (C) if at least 100% but less than 105% of his or her Divisional Goal is achieved with respect to such Fiscal Year, an amount equal to 25% of his or her Base Compensation with respect to such Fiscal Year, (D) if at least 105% but less than 110% of his or her Divisional Goal is achieved with respect to such Fiscal Year, an amount equal to 31-1/4% of his or her Base Compensation with respect to such Fiscal Year, and (E) if at least 110% of his or her Divisional Goal is achieved with respect to such Fiscal Year, an amount equal to 37-1/2% of his or her Base Compensation with respect to such Fiscal Year.

(d) (i) Notwithstanding the provisions of Section 8(c), if a Participant shall not be entitled to an Award under the provisions of Section 8(c)(i) with respect to any Fiscal Year (due to the fact that at least 100% of the Corporate EBIT Goal has not been achieved with respect to such Fiscal Year), then such Participant shall not be entitled to any Award with respect to such Fiscal Year under whichever shall be applicable to him or her of Sections 8(c)(ii) or 8(c)(iii).

(ii) If any Participant shall cease to be employed by the Company and all of its Subsidiaries prior to the end of any Fiscal Year, he or she shall not be entitled to receive an Award with respect to such Fiscal Year.

(e) The Committee may, no later than 90 days after the commencement of each Fiscal Year, increase (but not reduce) the percentages of the Corporate Executive Goal or the Divisional Goal which must be achieved with respect to such Fiscal Year and may reduce (but not increase) the percentage of a Participant's Base Compensation which shall be the portion of such Participant's Award attributable to the Corporate Executive Goal or his or her Divisional Goal for such Fiscal Year.

9. Settlement of Fiscal Year Awards. The Company shall, no later than 30 days after the date of the delivery to its Chief Financial Officer of the certification by the Committee referred to in Section 8(b) with respect to any Fiscal Year, deliver to each Participant who shall have received an Award hereunder with respect to such Fiscal Year and

(a) who shall be employed by the Company and/or one or more of its Subsidiaries on the date of such delivery or

(b) whose employment by the Company and all of its Subsidiaries shall have terminated after the end of such Fiscal Year by reason of any of the events referred to in Section 10(c),

a stock certificate, registered in the name of such Participant, with respect to the largest whole number of shares of the Common Stock which shall be equal to or less than the number derived by dividing the amount of such Participant's Award with respect to such Fiscal Year by the Grant Value of a share of the Common Stock with respect to such Fiscal Year. Each share of the Common Stock issued to a Participant referred to in clause (a) above shall be subject to an agreement between the Company and the Participant which will embody the terms and conditions of Section 10.

10. Stock Restrictions. (a) Except as otherwise provided in this Section 10 and in Section 12(b), each share of the Common Stock issued in accordance with the provisions of Section 9 (a "Restricted Share") to a Participant referred to in clause (a) thereof may not be sold, assigned, transferred or otherwise disposed of, and may not be pledged or hypothecated, prior to the last business day of the third Fiscal Year following the Fiscal Year during which the Award with respect to which it was issued was earned.

(b) Except as otherwise provided in Section 10(c), if the employment by the Company and all of its Subsidiaries of the Participant to whom Restricted Shares have been issued shall terminate prior to the last business day of the third Fiscal Year following the Fiscal Year during which the Award with respect to which it was issued was earned, such Restricted Shares shall be

forfeited and he or she shall be obligated to redeliver such Restricted Shares to the Company immediately without the receipt of any consideration therefore.

(c) Anything herein to the contrary notwithstanding, the restrictions set forth in Sections 10(a) and 10(b) shall terminate as to all of the Restricted Shares owned by a Participant which shall not have theretofore have been required to be redelivered to the Company upon the occurrence of any of the following events:

(i) Such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her death or Permanent Disability or on or after his or her 65th birthday or after the occurrence of a Change in Control.

(ii) Such Participant's employment by the Company and all of its Subsidiaries shall have terminated on or after his or her 55th birthday and prior to his or her 65th birthday and after he or she shall have completed at least ten years of employment with the Company and the Committee, on the recommendation of the Company's Chief Executive Officer, shall so determine.

(iii) Such Participant's employment by the Company and all of its Subsidiaries shall have terminated by reason of his or her Termination Without Cause and the Committee, on the recommendation of the Company's Chief Executive Officer, shall so determine.

(d) Upon issuance of the certificate or certificates for Restricted Shares in the name of a Participant, such Participant shall thereupon be a stockholder of the Company with respect to all the Restricted Shares represented by such certificate or certificates and shall have the rights of a stockholder with respect to such Restricted Shares, including the right to vote such Restricted Shares and to receive all dividends and other distributions paid with respect to such Restricted Shares.

(e) Each Participant who is entitled to receive shares of the Common Stock in accordance with the provisions of Section 9 shall

(i) represent and warrant to the Company that he or she is acquiring such shares for investment for his or her own account (unless there is then current a prospectus relating to such shares under Section 10(a) of the Securities Act of 1933, as amended) and, in any event, that he or she will not sell or otherwise dispose of such shares except in compliance with the provisions of said Act, and

(ii) agree that the Company may place on the certificates representing the shares or new or additional or different shares or securities distributed with respect to such shares such legend or legends as the Company may deem appropriate and that the Company may place a stop transfer order with respect to such shares with the Transfer Agent(s) for the Common Stock.

In addition, if such shares shall be Restricted Shares, such Participant shall

(iii) agree that such Restricted Shares shall be subject to, and shall be held by him or her in accordance with, all of the applicable terms and considerations of the Plan, and

(iv) at his or her option, (A) be entitled to make the election permitted under section 83(b) of the Code to include in gross income in the taxable year in which the Restricted Shares are transferred to him or her an amount equal to the Fair Market Value of such shares at the time of transfer, notwithstanding that such shares are subject to a substantial risk of forfeiture within the meaning of section 83(c)(1) of the Code, or (B) include in gross income the Fair Market Value of the Restricted Shares as of the date on which such restrictions lapse.

The foregoing agreement, representation and warranty shall be contained in an agreement in writing which shall be delivered by such Participant to the Company.

11. 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 Restricted Stock Agreement and the number of shares of the Common Stock reserved for issuance in

accordance with the provisions of the Plan but not yet issued (and if the record date with respect thereto shall occur during the period commencing at the end of a Fiscal Year and ending on the date of issuance referred to in Section 9, the number of shares required to be issued) shall be adjusted by adding to each such 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 a Restricted Stock Agreement and for each share of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet issued (and if the record date with respect thereto shall occur during the period commencing at the end of a Fiscal Year and the date of issuance referred to in Section 9, for each such share so required to be so issued), 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 11, 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 a Restricted Stock Agreement and the number or kind of shares reserved for issuance in accordance with the provisions of the Plan but not yet issued (and if the record date with respect thereto shall occur during the period commencing at the end of a Fiscal Year and the date of issuance referred to in Section 9, for each such share so required to be so issued, the number or kind of shares required to be so issued), such adjustment shall be made by the Committee and shall be effective and binding for all purposes of the Plan and of each Restricted Stock Agreement entered into in accordance with the provisions of the Plan. No adjustment or substitution provided for in this Section 11 shall require the Company to deliver a fractional share under the Plan or any Restricted Stock Agreement.

12. Withholding and Waivers. (a) Each Participant shall make such arrangements with the Company with respect to income tax withholding as the Company shall determine in its sole discretion is appropriate to ensure payment of federal, state or local income taxes due with respect to the issuance and/or ownership of shares of the Common Stock issued hereunder and the release of the Stock Restrictions on Restricted Shares issued hereunder. In the event of the death of a Participant, an additional condition to the Company's obligation to issue shares

of the Common Stock to the executors or administrators of such Participant's estate in accordance with the provisions of Section 9 and to release the Stock Restrictions provided hereunder on any Restricted Shares owned by such Participant as provided in Section 10(b) shall be the delivery to the Company of such tax waivers, letters testamentary and other documents as the Committee may reasonably determine.

(b) A Participant may, in the discretion of the Committee and subject to such rules as the Committee may adopt, elect to satisfy his or her withholding obligation arising as a result of the release of the Stock Restrictions with respect to any Restricted Shares, in whole or in part, by electing (an "Election") to deliver to the Company shares of the Common Stock (other than shares of the Common Stock as to which the Stock Restrictions (under this or any other agreement entered into in accordance with the Plan) shall not have theretofore terminated) having a Fair Market Value, determined as of the date that the amount to be withheld is determined (the "Tax Date"), equal to the amount required to be so withheld. Such Participant shall pay the Company in cash for any fractional share that would otherwise be required to be delivered.

(c) Each Election shall be subject to the following restrictions:

(i) The Election must be made on or prior to the Tax Date;

(ii) The Election shall be irrevocable;
(iii) The Election is subject to the approval of the Committee;

(iv) If the Participant's transactions in shares of the Common Stock are subject to the provisions of section 16(b) of the Exchange Act, an Election may not be made within six months of the date of the execution and delivery of the Restricted Stock Agreement governing such Restricted Shares.

(v) If the Participant's transactions in shares of the Common Stock are subject to the provisions of section 16(b) of the Exchange Act, the Election must be made (A) six months or more prior to the Tax Date or (B) during the period beginning on the third business date following the date of the release of the Company's quarterly or annual statement of sales and earnings and ending on the twelfth business day following such date.

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

14. 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 which may be issued under the Plan (as adjusted in accordance with the provisions of Section 11), or change the manner of calculating Awards or change the class of persons eligible to become Participants hereunder or withdraw the authority to administer the Plan from the Committee. Except as otherwise provided in Section 11, no termination or amendment of the Plan may, without the consent of the Participant to whom any Restricted Shares shall theretofore have been granted, adversely affect the rights of such Participant with respect to such Restricted Shares.

15. Expiration and Termination of the Plan. Unless 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 occurring on or prior to the date of the 1999 Annual Meeting of the Stockholders shall approve the continuation of the Plan after the 1999 Annual Meeting of the Stockholders (for a term which shall not exceed five years from the date of such special or annual meeting at which such approval is obtained), no Awards shall be granted hereunder with respect to any Fiscal Year ending after January 30, 2000.

PHILLIPS-VAN HEUSEN CORPORATION

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

	1995	1994	1993
Net sales	\$1,464,128	\$1,255,466	\$1,152,394
Cost of goods sold	987,921	845,655	747,555
Gross profit	476,207	409,811	404,839
Selling, general and administrative expenses	428,634	353,109	324,528
Plant and store closing and restructuring expenses	27,000	7,000	-
Income before interest and taxes	20,573	49,702	80,311
Interest expense, net.	23,199	12,793	16,679
Income (loss) before taxes	(2,626)	36,909	63,632
Income tax expense (benefit)	(2,920)	6,894	20,380
Income before extraordinary loss	294	30,015	43,252
Extraordinary loss on debt retirement.	-	-	(11,394)
Net income	\$ 294	\$ 30,015	\$ 31,858
Net income per share:			
Before extraordinary loss.	\$ 0.01	\$ 1.11	\$ 1.60
Extraordinary loss	-	-	(0.42)
Net income	\$ 0.01	\$ 1.11	\$ 1.18

See notes to consolidated financial statements.

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PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	January 28, 1996	January 29, 1995
ASSETS		
Current Assets:		
Cash, including cash equivalents of \$8,474 and \$68,586.	\$ 17,533	\$ 80,473
Trade receivables, less allowances of \$5,514 and \$1,617	109,866	77,527
Inventories	276,773	255,244
Income tax refund receivable.	16,987	-
Other, including deferred taxes of \$9,801 and \$7,108.	23,505	16,426
Total Current Assets.	444,664	429,670
Property, Plant and Equipment.	143,398	136,297
Goodwill	119,914	17,733
Other Assets, including deferred taxes of \$22,113 and \$9,502	41,079	12,584
	\$749,055	\$596,284
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 61,590	\$ -
Accounts payable.	38,796	38,759
Accrued expenses.	72,603	75,014
Current portion of long-term debt	10,137	260
Total Current Liabilities	183,126	114,033
Long-Term Debt, less current portion	229,548	169,679
Other Liabilities.	61,089	37,112
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 26,979,352 and 26,610,310	26,979	26,610
Additional capital.	115,977	112,801
Retained earnings	132,336	136,049
Total Stockholders' Equity	275,292	275,460
	\$ 749,055	\$ 596,284

See notes to consolidated financial statements.

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

	1995	1994	1993
Operating activities:			
Income before extraordinary loss	\$ 294	\$ 30,015	\$ 43,252
Adjustments to reconcile to cash provided (used) by operating activities:			
Depreciation and amortization	33,740	24,765	19,582
Amortization of contributions from landlords	(8,198)	(5,732)	(3,032)
Write-off of property, plant and equipment	13,000	-	-
Deferred income taxes	(7,051)	(6,275)	(2,195)
Extraordinary loss on debt retirement	-	-	(11,394)
Changes in operating assets and liabilities:			
Receivables	(13,927)	(15,541)	(3,168)
Inventories	16,315	14,627	(11,110)
Accounts payable and accrued expenses	(73,483)	3,242	13,428
Other-net	(3,183)	4,293	(3,297)
Net Cash Provided (Used) By Operating Activities	(42,493)	49,394	42,066
Investing activities:			
Acquisition of the Apparel Group of Crystal Brands, Inc.	(114,503)	-	-
Property, plant and equipment acquired	(39,773)	(53,140)	(47,866)
Investment in Pyramid Sportswear	(6,950)	-	-
Contributions from landlords	7,800	15,310	9,983
Other-net	3,905	2,438	(678)
Net Cash Used By Investing Activities	(149,521)	(35,392)	(38,561)
Financing activities:			
Proceeds from revolving line of credit and long-term borrowings	204,736	-	141,023
Payments on revolving line of credit and long-term borrowings	(73,400)	(245)	(157,026)
Exercise of stock options	1,745	2,630	7,425
Cash dividends	(4,007)	(3,984)	(3,920)
Net Cash Provided (Used) By Financing Activities	129,074	(1,599)	(12,498)
Increase (decrease) in cash	(62,940)	12,403	(8,993)
Cash at beginning of period	80,473	68,070	77,063
Cash at end of period	\$ 17,533	\$ 80,473	\$ 68,070

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

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

	Common Stock Shares	\$1 par Value	Additional Capital	Retained Earnings	Treasury Stock	Stockholders' Equity
January 31, 1993	32,704,168	\$32,704	\$111,422	\$241,117	\$(173,830)	\$211,413
Stock options exercised	486,647	487	6,940			7,427
Net income				31,858		31,858
Cash dividends				(3,920)		(3,920)
Issue 150 shares from treasury					23	23
Stock repurchased and cancelled	(65)		(2)			(2)
January 30, 1994	33,190,750	33,191	118,360	269,055	(173,807)	246,799
Stock options exercised	148,471	148	2,493			2,641
Net income				30,015		30,015
Cash dividends				(3,984)		(3,984)
Retirement of treasury stock	(6,728,576)	(6,729)	(8,041)	(159,037)	173,807	0
Stock repurchased and cancelled	(335)		(11)			(11)
January 29, 1995	26,610,310	26,610	112,801	136,049	0	275,460
Stock options exercised	187,908	188	1,557			1,745
Net income				294		294
Cash dividends				(4,007)		(4,007)
Investment in Pyramid Sportswear	181,134	181	1,619			1,800
January 28, 1996	26,979,352	\$ 26,979	\$115,977	\$132,336	\$ 0	\$275,292

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars 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. Accordingly, results for fiscal years 1995, 1994 and 1993 represent the 52 weeks ended January 28, 1996, January 29, 1995 and January 30, 1994, respectively.

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 used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Inventories - Inventories are stated at the lower of cost or market. Cost for the apparel business is determined principally using the last-in, first-out method (LIFO), except for certain sportswear inventories which are determined using the first-in, first-out method (FIFO). Cost for the footwear business is determined using FIFO.

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

Goodwill - Goodwill, net of accumulated amortization of \$5,474 and \$2,405 in 1995 and 1994, respectively, is being amortized principally by the straight line method over 40 years. The Company assesses the recoverability of goodwill based on the estimated future non-discounted cash flows over the remaining amortization period.

Contributions from Landlords - The Company receives contributions from landlords for fixturing retail stores which the Company leases. Such amounts are amortized as a reduction of rent expense over the life of the related lease. Unamortized contributions are included in accrued expenses and other liabilities and amounted to \$23,748 and \$24,146 at January 28, 1996 and January 29, 1995, respectively.

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.

Advertising - The Company expenses advertising costs as incurred. Advertising expenses totalled \$20,165 (1995), \$18,532 (1994) and \$15,615 (1993).

Net Income Per Share - Net income per share has been computed by dividing net income by the weighted average number of shares outstanding during the year and, in 1994 and 1993, share equivalents applicable to dilutive stock options. In 1995, share equivalents applicable to dilutive stock options were immaterial and have been excluded from the net income per share calculations. The resulting number of shares used in such computations was 26,725,804 (1995), 27,154,173 (1994) and 27,105,888 (1993).

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Income Taxes

Income taxes consist of:

	1995	1994	1993
Federal:			
Current	\$(8,219)	\$11,720	\$16,628
Deferred	2,995	(5,585)	(1,088)
State, foreign and local:			
Current	1,936	1,449	4,945
Deferred	368	(690)	(105)
	\$(2,920)	\$ 6,894	\$20,380

Taxes paid were \$3,371 (1995), \$12,766 (1994) and \$9,936 (1993).

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

	1995	1994
Depreciation	\$(14,574)	\$(8,713)
Landlord contributions	9,334	9,207
Plant and store closing and restructuring	7,555	3,084
Employee compensation and benefits	8,797	7,175
Tax loss carryforward	16,328	-
Other-net	4,474	5,857
	\$ 31,914	\$16,610

A deferred tax asset of \$18,667 resulting principally from the acquisition of the Gant and Izod businesses from Crystal Brands is included in the Company's balance sheet as of January 28, 1996. This asset did not affect the Company's 1995 tax provision.

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

	1995	1994	1993
Statutory 35% federal tax	\$ (919)	\$12,918	\$22,271
State, foreign and local income taxes, net of Federal income tax benefit	1,454	1,845	2,736
Income of Puerto Rico subsidiaries(1)	(3,298)	(2,953)	(3,054)
Reversal of estimated tax liabilities(2)	-	(4,100)	-
Other-net	(157)	(816)	(1,573)
Income tax (benefit) expense	\$(2,920)	\$ 6,894	\$20,380

(1)Exemption from Puerto Rico income tax expires in 1998.

(2)During 1994, the Company reversed estimated tax liabilities which were no longer deemed necessary.

During 1995 and 1994, the Company recognized tax benefits of \$397 and \$1,568, respectively, related to the exercise of stock options. These benefits were credited to additional capital.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Inventories

Inventories are summarized as follows:

	1995	1994
Raw materials	\$ 14,194	\$ 19,849
Work in process	13,145	17,026
Finished goods	249,434	218,369
	\$276,773	\$255,244

Inventories would have been \$12,923 and \$12,700 higher than reported at January 28, 1996 and January 29, 1995, respectively, if the FIFO method of inventory accounting had been used for the entire apparel business.

Property, Plant and Equipment

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

	1995	1994
Land	\$ 1,814	\$ 1,710
Buildings and building improvements	37,661	32,961
Machinery and equipment, furniture and fixtures and leasehold improvements	228,729	210,688
	268,204	245,359
Less: Accumulated depreciation and amortization	124,806	109,062
	\$143,398	\$136,297

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Long-Term Debt and Extraordinary Loss

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

	1995	1994
Revolving Credit Facilities	\$ 70,000	\$ -
7.75% Debentures	99,435	99,429
7.75% Senior Notes	59,143	69,000
Other debt	970	1,250
	\$229,548	\$169,679

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. The net proceeds from the sale of these debentures, together with cash from the Company's working capital, were used to redeem the Company's then outstanding 11.2% Senior Note and 9.93% Senior Notes. Due to certain prepayment provisions associated with the redeemed Notes, the Company recognized a one-time extraordinary loss of \$11,394, net of a \$7,025 tax benefit, in the fourth quarter of 1993.

The Company issued a series of Senior Notes due 1996-2002 with an average interest rate of 7.75% to a group of investors on October 29, 1992. The notes are payable in seven equal annual installments commencing November 1, 1996. Interest is payable semi-annually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Long-Term Debt and Extraordinary Loss - (Continued)

The Company has a credit agreement which includes a revolving credit facility under which the Company may, at its option, borrow and repay amounts within certain limits. The credit agreement also includes a letter of credit facility. The total amount available to the Company under each of the revolving credit and the letter of credit facility is \$250,000, provided, however, that the aggregate maximum amount outstanding at any time under both facilities is \$400,000. All outstanding borrowings and letters of credit under the credit agreement are due February 13, 1999. Interest on amounts borrowed under the revolving credit facility is payable quarterly at the prime rate or at LIBOR plus .25%. A commitment fee of .25% is payable quarterly on the \$250,000 revolving credit facility. The amount outstanding at January 28, 1996 and January 29, 1995 under the letter of credit facility was \$115,462 and \$98,469, respectively.

The Company has a secondary revolving credit agreement under which the Company may, at its option, borrow and repay amounts up to a maximum of \$15,000. Borrowings under this agreement bear interest at prevailing market rates as determined by the lending bank.

The weighted average interest rate on outstanding borrowings from both revolving credit facilities at January 28, 1996 was 5.95%.

Interest paid was \$22,949 (1995), \$14,131 (1994) and \$18,007 (1993).

Scheduled maturities of long-term debt, including current portion, for the next five years are as follows: 1996-\$10,137, 1997-\$10,157, 1998-\$10,182, 1999-\$10,202 and 2000-\$9,857.

Investment in Pyramid Sportswear

During the fourth quarter of 1995, the Company acquired 25% of Pyramid Sportswear ("Pyramid") for \$6,950 in cash and \$1,800 in the Company's stock. Pyramid, headquartered in Sweden, designs, develops and sources Gant sportswear under a license from the Company and markets such sportswear in 20 countries around the world. In connection with this investment, the Company also acquired an option to purchase the remaining 75% of Pyramid in the year 2000.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Stockholders' Equity

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

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

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 will expire June 16, 1996, unless such date is extended or the Rights are earlier redeemed by the Company.

Stock Options - Under the Company's stock option plans, non-qualified and incentive stock options ("ISOs") may be granted. Options are granted at fair market value at the date of grant. ISOs and non-qualified options granted have a ten year duration. All options are cumulatively exercisable in three installments commencing two years after the date of grant for grants issued prior to March 30, 1993, and commencing three years after the date of grant for grants issued after that date.

The Company accounts for its stock options under the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and intends to continue to do so.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Stockholders' Equity - (Continued)

Other data with respect to stock options follows:

	Shares	Option Price Per Share	
Outstanding at January 31, 1993.	1,664,101	\$ 3.80-	\$27.00
Granted.	479,029	28.00-	36.00
Exercised.	486,647	3.80-	28.00
Cancelled.	98,023	4.75-	31.63
Outstanding at January 30, 1994.	1,558,460	3.80-	36.00
Granted.	196,907	15.25-	36.25
Exercised.	148,471	4.75-	22.38
Cancelled.	52,647	4.75-	33.25
Outstanding at January 29, 1995.	1,554,249	4.75-	36.25
Granted.	568,390	10.75-	17.50
Exercised.	187,908	4.75-	10.69
Cancelled.	131,383	4.75-	34.75
Outstanding at January 28, 1996.	1,803,348	\$ 4.75-	\$36.25

Of the outstanding options at January 28, 1996 and January 29, 1995, options covering 842,912 and 900,242 shares were exercisable, respectively. Stock options available for grant at January 28, 1996 and January 29, 1995 amounted to 532,041 and 219,748 shares, respectively.

Leases

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

At January 28, 1996, minimum annual rental commitments under non-cancellable operating leases, including leases for new retail stores which had not begun operating at January 28, 1996, are as follows:

1996.	\$ 66,383
1997.	60,007
1998.	50,304
1999.	37,769
2000.	27,051
Thereafter.	71,256
Total minimum lease payments.	\$312,770

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Leases - (Continued)

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

	1995	1994	1993
Minimum	\$69,988	\$56,089	\$46,275
Percentage and other	11,807	10,435	12,232
	\$81,795	\$66,524	\$58,507

Retirement and Benefit Plans

Defined 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. In addition, the Company also participates in multi-employer plans, which provide defined benefits to their union employees.

A summary of the components of net pension cost for the defined benefit plans and the total contributions charged to pension expense for the multi-employer plans follows:

	1995	1994	1993
Defined Benefit Plans:			
Service cost - benefits earned during the period	\$ 2,145	\$2,294	\$1,828
Interest cost on projected benefit obligation	7,107	2,922	2,429
Actual (gain) loss on plan assets	(19,533)	1,854	(2,074)
Net amortization and deferral of actuarial gains (losses)	12,028	(3,048)	612
Net pension cost of defined benefit plans	1,747	4,022	2,795
Multi-employer plans	219	214	215
Total pension expense	\$ 1,966	\$4,236	\$3,010

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

	1995	1994	1993
Discount rate used in determining projected benefit obligation	7.50%	8.75%	7.50%
Rate of increase in compensation levels	4.00%	5.25%	5.00%
Long-term rate of return on assets	8.75%	8.75%	7.50%

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Retirement and Benefit Plans - (Continued)

The following table sets forth the plans' funded status and amounts recognized on the Company's balance sheets for defined benefit plans:

	1995	1994
Actuarial present value of benefit obligations:		
Vested benefit obligation	\$ 95,815	\$29,358
Accumulated benefit obligation.	\$ 98,087	\$30,680
Projected benefit obligation for services rendered to date.	\$106,568	\$36,401
Less: plan assets at fair value	(103,797)	(26,012)
Projected benefit obligation in excess of plan assets	2,771	10,389
Unrecognized prior service cost	(3,302)	(4,209)
Unrecognized net actuarial loss	(7,370)	(2,485)
Unrecognized net asset at adoption date of FAS Statement No. 87	374	442
Net pension (asset) liability recognized on the balance sheet	\$ (7,527)	\$ 4,137

The projected benefit obligation in excess of plan assets at January 28, 1996 is net of \$4,375 for certain overfunded plans.

The 1995 increases in the actuarial present value of the vested, accumulated and projected benefit obligations, as well as the plan assets at fair value, relate to the acquisition of the Gant and Izod businesses from Crystal Brands.

The Company has an unfunded supplemental defined benefit plan covering 24 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. The Company does not intend to admit new participants in the future. At January 28, 1996 and January 29, 1995, \$6,696 and \$6,127, respectively, are included in other liabilities as the accrued cost of this plan.

Savings and Retirement Plans - The Company has a savings and retirement plan (the "Associates Investment Plan") and a supplemental savings plan for the benefit of its eligible employees who elect to participate. Participants generally may elect to contribute up to 15% of their annual compensation, as defined, to the plans. Company contributions to the plans are equal to 50% of the amounts contributed by participating employees with respect to the first 6% of compensation and were \$2,668 (1995), \$2,406 (1994) and \$2,303 (1993). In accordance with the terms of the Associates Investment Plan, Company matching contributions are invested in the Company's common stock.

Post-retirement Benefits - The Company and its domestic subsidiaries provide certain health care and life insurance benefits to retired employees. 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.

Net post-retirement benefit cost includes the following components:

	1995	1994	1993
Service cost	\$ 466	\$ 402	\$ 275
Interest cost	2,128	850	739
Amortization of net loss	37	-	-
Amortization of transition obligation	273	273	273
	\$2,904	\$1,525	\$1,287

The following reconciles the plan's accumulated post-retirement benefit with amounts recognized in the Company's balance sheet:

Accumulated post-retirement benefit obligation:

	1995	1994
Retirees receiving benefits	\$22,877	\$ 7,086
Fully eligible active plan participants	2,104	1,065
Active plan participants not eligible for benefits	4,980	2,300
	29,961	10,451
Unrecognized transition obligation	(4,643)	(4,916)
Unrecognized net loss	(6,432)	(709)
Post-retirement liability recognized on the balance sheet	\$18,886	\$ 4,826

The increases in the interest cost and accumulated post-retirement benefit obligation relate primarily to the acquisition of the Gant and Izod businesses from Crystal Brands.

The weighted average annual assumed rate of increase in the cost of covered benefits (i.e., health care cost trend rate) is 8.0% for 1996 and is assumed to decrease gradually to 5.5% by 2010 and remain at that level thereafter. Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated post-retirement benefit obligation as of January 28, 1996 by \$2,823, and the aggregate of the service and interest cost components of net post-retirement benefit cost for 1995 by \$260. The discount rate used in determining the accumulated post-retirement benefit obligation at January 28, 1996 and January 29, 1995 was 7.5% and 8.75%, respectively.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Segment Data

The Company operates in two industry segments: (i) apparel - the manufacture, procurement for sale and marketing of a broad range of men's, women's and children's apparel to traditional wholesale accounts as well as through Company-owned retail stores, and (ii) footwear - the manufacture, procurement for sale and marketing of a broad range of men's, women's and children's shoes to traditional wholesale accounts as well as through Company-owned retail stores.

Operating income represents net sales less operating expenses. Excluded from operating results of the segments are interest expense, net, corporate expenses and income taxes.

	1995	1994	1993
Net Sales			
Apparel	\$1,100,040	\$ 883,949	\$ 800,454
Footwear	364,088	371,517	351,940
Total Net Sales	\$1,464,128	\$1,255,466	\$1,152,394
Operating Income			
Apparel(1)	\$ 7,948	\$ 28,676	\$ 55,724
Footwear(2)	25,510	31,525	37,559
Total Operating Income	33,458	60,201	93,283
Corporate Expenses	(12,885)	(10,499)	(12,972)
Interest Expense, net	(23,199)	(12,793)	(16,679)
Income (Loss) Before Taxes	\$ (2,626)	\$ 36,909	\$ 63,632
Identifiable Assets			
Apparel	\$ 468,618	\$ 307,111	\$ 305,132
Footwear	165,390	176,261	164,197
Corporate	115,047	112,912	85,442
	\$ 749,055	\$ 596,284	\$ 554,771
Depreciation and Amortization			
Apparel	\$ 25,526	\$ 18,433	\$ 13,299
Footwear	3,986	4,125	4,405
Corporate	4,228	2,207	1,878
	\$ 33,740	\$ 24,765	\$ 19,582
Identifiable Capital Expenditures			
Apparel	\$ 23,627	\$ 36,176	\$ 29,449
Footwear	4,209	6,152	16,038
Corporate	11,937	10,812	2,379
	\$ 39,773	\$ 53,140	\$ 47,866

(1) Operating income of the apparel segment includes charges for plant and store closing and restructuring expenses of \$25,000 (1995) and \$7,000 (1994).

(2) Operating income of the footwear segment includes charges for store closing and restructuring expenses of \$2,000 in 1995.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

Segment Data - (Continued)

Apparel inventories as of January 28, 1996 and January 29, 1995 of \$166,606 and \$132,875, respectively, were determined using the LIFO method.

Acquisition

On February 17, 1995, the Company completed the acquisition of the Apparel Group of Crystal Brands, Inc. (Gant and Izod) for \$114,503 in cash, net of cash acquired, and subject to certain adjustments. This acquisition was accounted for as a purchase. The acquired operations are included in the Company's consolidated financial statements since February 17, 1995.

In connection with the acquisition, the Company acquired assets with a fair value estimated to be \$207,101 (including \$104,504 of excess of cost over net assets acquired) and assumed liabilities estimated to be \$92,598.

If the acquisition had occurred on the first day of fiscal 1994 instead of on February 17, 1995, the Company's proforma consolidated results of operations would have been:

	1995	1994
Net sales	\$1,470,259	\$1,486,476
Net income	\$ 231	\$ 31,011
Net income per share	\$ 0.01	\$ 1.14

Plant and Store Closing and Restructuring Expenses

During 1995, the Company adopted and began to implement a plan designed to reduce costs and realign the product distribution mix primarily within the Company's apparel business. Significant components of the plan included the closure of three domestic shirt manufacturing facilities, closing approximately 300 unprofitable retail outlet stores and reorganizing the Company's management structure which combines the Company's wholesale and retail businesses into eight discrete operating units, each with total marketing and profit responsibility for its brand. As a result, the Company recorded a pre-tax charge of \$27,000 during 1995. Approximately \$13,000 of this charge relates to the write-off of fixed assets located in such factories and retail outlet stores. The remaining \$14,000 relates to termination benefits, including pension settlements and curtailments of \$1,200, for approximately 1,250 employees impacted by this restructuring. As of January 28, 1996, approximately \$6,490 of employee termination benefits and approximately \$13,000 of fixed asset write-offs had been charged against the \$27,000 reserve.

During 1994, the Company implemented a plan to restructure and consolidate certain managerial, field supervisory and administrative functions associated with its retail operations, and adopted a plan to realign its wholesale apparel business from four operating divisions into a dress shirt division and a sportswear division. Also, in connection with the acquisition of the Gant and Izod businesses from Crystal Brands, the Company adopted a plan to convert its Cape Isle Knitters and Windsor Shirt private label retail stores to stores which market branded apparel under the Izod and Gant labels, respectively.

As a result, the Company eliminated approximately 85 positions at a cost of \$3,300. Also, various other costs associated with the retail and wholesale consolidations and with the Cape Isle Knitters and Windsor Shirt conversions of \$5,300 were recognized. Included in the 1994 restructuring charge is a reversal of \$1,600 of prior year's restructuring reserves, related to the Company's wholesale sweater operations, which were determined to be no longer required as a result of certain events. Accordingly, \$7,000 was recognized as a net restructuring charge during 1994. As of January 28, 1996, substantially all of the 1994 reserve had been expended in completing this restructuring plan.

As part of its ongoing expense reduction initiatives, the Company continues to evaluate its operating structure.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Dollars in thousands, except per share data)

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 1995, the Company purchased approximately \$45,000 of products from TAL Apparel Limited and certain related companies.

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

During 1995, 1994 and 1993 the Company paid a \$0.0375 per share cash dividend each quarter on its common stock.

Certain items in 1994 and 1993 have been reclassified to present these items on a basis consistent with 1995.

MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Company has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements have been prepared by management in conformity with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgements. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the financial statements.

The Company maintains a system of internal accounting controls designed to provide management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgements by management. Further, because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Nevertheless, management believes that a high level of internal control is maintained by the Company through the selection and training of qualified personnel, the establishment and communication of accounting and business policies, and its internal audit program.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with management and the Company's internal auditors and independent auditors to review matters relating to the quality of financial reporting and internal accounting control and the nature, extent and results of their audits. The Company's internal auditors and independent auditors have complete access to the Audit Committee.

SIGNATURE STAMP

BRUCE J. KLATSKY
Chairman, President and
Chief Executive Officer

SIGNATURE STAMP

IRWIN W. WINTER
Executive Vice President and
Chief Financial Officer

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

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of January 28, 1996 and January 29, 1995, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended January 28, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phillips-Van Heusen Corporation and subsidiaries at January 28, 1996 and January 29, 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 28, 1996 in conformity with generally accepted accounting principles.

As discussed in the notes to the consolidated financial statements, in 1995 the Company adopted Financial Accounting Standards Board Statement No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

E&Y SIGNATURE STAMP

New York, New York
March 12, 1996

PHILLIPS-VAN HEUSEN CORPORATION

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

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1995	1994	1995	1994	1995(1)	1994	1995(2)	1994(3)
Net sales	\$282,987	\$238,897	\$349,493	\$283,771	\$448,007	\$379,406	\$383,641	\$353,392
Gross profit	97,404	79,162	119,597	94,761	139,055	123,387	120,151	112,501
Net income (loss)	(3,360)	(3,531)	3,894	5,735	(4,374)	17,850	4,134	9,961
Net income (loss) per share (4)	(0.13)	(0.13)	0.15	0.21	(0.16)	0.66	0.15	0.37
Price range of common stock								
High	18	39	17	33 1/2	15 7/8	23 3/4	11 3/4	16 3/8
Low	15	32 7/8	14	18 1/2	9 1/8	14	9 1/4	14

- (1) Net loss for the third quarter of 1995 includes a pre-tax charge of \$25,000 for plant and store closing and restructuring expenses.
- (2) Net income for the fourth quarter of 1995 includes a pre-tax charge of \$2,000 for plant and store closing and restructuring expenses.
- (3) Net income for the fourth quarter of 1994 includes a net pre-tax charge of \$7,000 for restructuring, a pre-tax LIFO credit of \$1,991 and a credit of \$4,100 resulting from the reversal of estimated tax liabilities.
- (4) Fully diluted net income per share has not been presented since the results are not materially different from primary net income per share.

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

The Company's financial summary is presented from 1987, the year in which the Company recapitalized its balance sheet and acquired G.H. Bass & Co.

	1995(1)	1994	1993	1992	1991
Summary of Operations					
Net sales					
Apparel	\$1,100,040	\$ 883,949	\$ 800,454	\$ 709,361	\$596,383
Footwear	364,088	371,517	351,940	333,204	307,717
	1,464,128	1,255,466	1,152,394	1,042,565	904,100
Cost of goods sold and expenses	1,443,555	1,205,764	1,072,083	972,357	843,367
Interest expense, net	23,199	12,793	16,679	15,727	16,686
Income (loss) before taxes	(2,626)	36,909	63,632	54,481	44,047
Income tax expense (benefit)	(2,920)	6,894	20,380	16,600	12,910
Income from continuing operations	294	30,015	43,252	37,881	31,137
Income (loss) from discontinued operations	-	-	-	-	-
Extraordinary loss, net of tax	-	-	(11,394)	-	-
Net income	\$ 294	\$ 30,015	\$ 31,858	\$ 37,881	\$ 31,137
Per Share Statistics(3)					
Income from continuing operations	\$ 0.01	\$ 1.11	\$ 1.60	\$ 1.42	\$ 1.15
Discontinued operations	-	-	-	-	-
Extraordinary loss	-	-	(0.42)	-	-
Net income	\$ 0.01	\$ 1.11	\$ 1.18	\$ 1.42	\$ 1.15
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.1425
Stockholders' equity per share	10.20	10.35	9.33	8.14	4.52
Financial Position					
Invested cash	\$ 8,474	\$ 68,586	\$ 66,064	\$ 75,862	\$ 5,326
Current assets	444,664	429,670	418,702	410,522	303,143
Current liabilities	183,126	114,033	109,156	115,208	102,976
Working capital	261,538	315,637	309,546	295,314	200,167
Total assets	749,055	596,284	554,771	517,362	398,969
Long-term debt	229,548	169,679	169,934	170,235	121,455
Convertible redeemable preferred stock	-	-	-	-	72,800
Stockholders' equity	275,292	275,460	246,799	211,413	84,903
Other Statistics					
Total debt to total capital (5)	52.3%	38.2%	40.8%	46.8%	46.0%
Net debt to net capital (6)	51.5%	26.9%	29.7%	34.3%	45.0%
Market value of stockholders' equity	\$ 270,000	\$ 426,000	\$ 949,000	\$ 753,000	\$392,000
Current ratio	2.4	3.8	3.8	3.6	2.9
Average shares and equivalents outstanding	26,726	27,154	27,106	25,253	19,897

- (1) 1995 includes the operations of Gant and Izod from date of acquisition, February 17, 1995, and includes a \$27,000 pre-tax restructuring charge.
- (2) 1990 includes 53 weeks of operations.
- (3) 1987 includes the operations of G.H. Bass & Co. from date of acquisition, August 21, 1987.
- (4) Fully diluted net income per share has not been presented since the results are either not materially different from primary net income per share or are anti-dilutive.
- (5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.
- (6) Net debt and net capital are total debt and total capital reduced by invested cash.

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

The Company's financial summary is presented from 1987, the year in which the Company recapitalized its balance sheet and acquired G.H. Bass & Co.

	1990(2)	1989	1988	1987(3)
Summary of Operations				
Net sales				
Apparel	\$536,352	\$493,395	\$460,342	\$416,407
Footwear	269,963	239,541	180,696	83,618
	806,315	732,936	641,038	500,025
Cost of goods sold and expenses	752,252	682,687	597,543	457,842
Interest expense, net	18,884	17,555	16,109	6,210
Income before taxes	35,179	32,694	27,386	35,973
Income tax expense (benefit)	8,795	8,502	6,565	14,655
Income from continuing operations	26,384	24,192	20,821	21,318
Income (loss) from discontinued operations	-	-	(152)	8,691
Extraordinary loss, net of tax	-	-	-	-
Net income	\$ 26,384	\$ 24,192	\$ 20,669	\$ 30,009
Per Share Statistics(4)				
Income from continuing operations	\$ 0.95	\$ 0.84	\$ 0.68	\$ 0.66
Discontinued operations	-	-	(0.01)	0.33
Extraordinary loss	-	-	-	-
Net income	\$ 0.95	\$ 0.84	\$ 0.67	\$ 0.99
Dividends paid per share	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.125
Stockholders' equity per share	3.38	2.53	1.79	1.24
Financial Position				
Invested cash	\$ 5,796	\$ 3,551	\$ 7,191	\$ 8,979
Current assets	285,315	266,867	265,039	258,135
Current liabilities	90,748	84,190	88,191	86,741
Working capital	194,567	182,677	176,848	171,394
Total assets	376,790	333,108	323,133	317,773
Long-term debt	140,259	118,776	116,400	120,848
Series B convertible redeemable preferred stock	72,800	72,800	72,800	72,800
Stockholders' equity	62,324	46,085	32,476	22,456
Other Statistics				
Total debt to total capital (5)	53.2%	52.6%	55.1%	56.9%
Net debt to net capital (6)	52.2%	51.9%	53.7%	55.1%
Market value of stockholders' equity	\$173,000	\$132,000	\$127,000	\$ 86,000
Current ratio	3.1	3.2	3.0	3.0
Average shares and equivalents outstanding	19,094	19,140	18,572	26,258

- (1) 1995 includes the operations of Gant and Izod from date of acquisition, February 17, 1995, and includes a \$27,000 pre-tax restructuring charge.
- (2) 1990 includes 53 weeks of operations.
- (3) 1987 includes the operations of G.H. Bass & Co. from date of acquisition, August 21, 1987.
- (4) Fully diluted net income per share has not been presented since the results are either not materially different from primary net income per share or are anti-dilutive.
- (5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.
- (6) Net debt and net capital are total debt and total capital reduced by invested cash.

FINANCIAL REVIEW

The Company's primary strategy is and has been to build the value of its brands. Events of the year 1995, while they underscored the importance of that strategy, also marked the beginning of a major change in the execution of that strategy. For the past decade, PVH's growth has been driven by committing the majority of its resources to a single channel of distribution - outlet retailing. However successful that tactic was in growing the Company and strengthening its balance sheet, it led to an overextension in that area of the business. This, in turn, exacerbated the very significant "hit" experienced by the Company in the apparel and footwear downturn, which began as long as four years ago and worsened considerably in 1995. Although retail sales reached \$872.5 million in 1995 compared with \$764.7 million in 1994 and \$679.6 million in 1993, most of the increases were the result of new store openings and store expansions to carry brand extensions, offset in part, by lower sales in existing stores. In addition, a disproportionate amount of sales was driven by intense promotional activity. This was, by far, the most difficult aspect of 1995's operations.

Whether the current down cycle in apparel and footwear is or is not nearing an end is a matter of conjecture. What is not conjecture, however, is that strong brand equity is the key to successful marketing. And apparel and

footwear are no exception to the importance of having a global presence in the marketplace. Also not conjecture is the increasing importance of men's casualwear to the total apparel market.

As noted in the Chairman's letter, all of these strategic issues were the subject of specific initiatives addressed by PVH in 1995.

Acquisition of the Crystal Brands Apparel Group (Gant and Izod), together with other changes in product, have significantly broadened PVH's sportswear mix and increased its branded position. This can be seen readily in the following:

	1995	1994	1993
Casual Footwear & Accessories	24%	29%	31%
Sportswear	56	46	42
Dress Wear	20	25	27
	100%	100%	100%
Branded	88%	79%	78%
Private Label	12	21	22
	100%	100%	100%

These trends should continue into 1996 and beyond as the Company continues to emphasize its branded men's sportswear business.

The Company's presence in the global market has been significantly increased with its 25% investment in Pyramid Sportswear. Pyramid, the international licensee of Gant, markets over \$80 million in Gant sportswear products in 20 countries around the world. PVH has an option to acquire the balance of Pyramid in four years.

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The Company has taken a \$27 million pre-tax restructuring charge which has allowed it to move aggressively forward on the following issues:

- o Closing 300 of PVH's retail stores (about one-third of total stores). These closings should free-up some \$40 million of capital, eliminate the weakest and worst trending stores and accelerate the realignment of PVH's sales towards a more balanced wholesale/retail mix.
- o Closing three domestic shirt manufacturing facilities, which should trigger increasing annual cost reductions exceeding \$6.0 million by 1998.
- o Reorganizing PVH's management structure to intensify focus on PVH's five leading brands, improve logistics and lower costs.

Clearly 1996 will be a year of "new beginnings." All of the 1995 initiatives should begin to take hold. The full realignment of the Company into a brand marketing organization should be completed by early Spring. At that point, the Company will begin to execute its new strategic direction with eight discrete operating units seeking to leverage fully all of PVH's core competencies and to maximize the equity and financial potential of each of its brands.

The Company recognizes that the current environment for apparel and footwear offers a considerable challenge, but it believes it has the resources and the wherewithal to "stay the course" and that the rewards of success will be substantial.

This report deals with all of these initiatives and describes how they are being harnessed to reverse the negative trends of the past several years.

RESULTS OF OPERATIONS

The Company analyzes its results of operations by its vertically integrated apparel and footwear segments. Reference should be made to the Segment Data footnote on page 34.

APPAREL

Net sales of the Company's apparel segment were \$1.1 billion in 1995, \$883.9 million in 1994 and \$800.5 million in 1993, representing increases of 24.4% and 10.4%, respectively. The increase in 1995 was due entirely to the acquisition of the Gant and Izod businesses on February 17, 1995. The 1994 increase was principally related to the growth in retail sales, including the expanded offering of Bass Apparel at Bass Company stores.

While 1995 sales, excluding the Gant and Izod acquisition, were about flat, the Company's wholesale division achieved significant improvement in the gross margin of all operating divisions. In dress shirts, gross margins showed increasing improvement throughout the year as the introductory costs and market disruptions caused by the new wrinkle-free product abated. In addition, the creation early in the year of a dress shirt group housing all branded and private label dress shirt business helped significantly to leverage the Company's cost base and add to the gross margin improvement.

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The sweater group also improved its gross margin by leveraging an increasing percentage of higher margin branded goods into its product mix and by maximizing the use of its production facilities in Puerto Rico. Sportswear

margins, particularly from the new Gant and Izod businesses, also contributed to this improvement, despite a very significant restructuring of the sourcing base for the new companies. Going forward, a much improved sourcing position together with the further leveraging of these costs should be a major plus as these new businesses begin to reach their full sales potential.

The retail division, on the other hand, experienced a significant reduction in gross margin as promotional selling became considerably more intense.

The gross margin improvement at wholesale offset the reduced margin at retail and overall gross margin in apparel increased slightly to 30.9% in 1995 from 30.8%. This compared with 33.1% in 1993 when retail operated in a far less promotional environment.

Selling, general and administrative expenses were 27.9% of sales in 1995 compared with 26.7% in 1994 and 26.1% in 1993. Expense levels at wholesale increased in 1995 with the inclusion of the Gant and Izod businesses which, while providing a higher level of gross margin, also have higher selling and marketing expenses. For example, Gant maintains a growing staff of field coordinators and exclusive selling specialists to maximize the impact and effectiveness of its in-store shops. As PVH's sportswear companies grow, their expected higher gross margins will be increasingly leveraged with resulting improvement in overall profitability.

Expense levels in 1995 were also negatively impacted by the overall weakness in retail sales. Lower retail store sales per square foot caused an increase in the relationship of in-store expenses to sales and further weakened bottom line results. The increase in 1994 expense levels came from a higher weighting of retail business as part of the overall apparel sales mix. Closing 200 of PVH's weakest performing apparel retail stores should have a very positive impact on in-store expense levels. Also, the realignment of channel mix with a much greater emphasis on wholesale growth should serve to reduce overall expense levels.

FOOTWEAR

Net sales of the Company's footwear segment were \$364.1 million in 1995 compared with \$371.5 million in 1994 and \$351.9 million in 1993, representing a 2% decrease in the current year following a 5.6% increase in 1994. While individual product categories (Weejuns in 1995, Sandals in 1994) achieved added growth, the sluggish retail environment for footwear kept overall sales about flat. Bass Apparel is included in the apparel segment.

Gross margin on sales was 37.4% in 1995 compared with 37.1% in 1994 and 39.7% in 1993. In general, the factors influencing footwear were much the same as those affecting apparel and their impact was similar. The wholesale division achieved considerable gross margin improvement from an ongoing program of cost cutting and sourcing initiatives. Price promotions in the retail division principally offset the wholesale improvements.

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Selling, general and administrative expenses were 29.8% of sales in 1995 compared with 28.6% in 1994 and 29.1% in 1993. As in apparel, the key feature of the 1995 increased expense level was a slowdown in retail store sales per square foot with a corresponding increase in in-store expense levels. Here too, closing 100 of the weakest performing footwear stores should have a very positive effect.

Looking ahead, combining the wholesale and retail divisions of PVH into eight discrete operating units, each with total marketing and profit responsibility for the brand it manages, should bring very positive results. It will allow for the streamlining of the organization, the elimination of redundancy and a consistent market focus.

RESTRUCTURING CHARGES

The Company recorded a \$27 million pre-tax restructuring charge in 1995 to provide for the three key steps discussed above - the closing of 300 outlet stores, the closing of three domestic shirt manufacturing facilities and the reorganization of PVH's management structure. Approximately one-half of the charge relates to non-cash items.

In 1994 the Company recorded a \$7 million pre-tax restructuring charge to realign its wholesale apparel business from four operating units into a dress shirt division and a sportswear division. The dress shirt division has proved to be a particularly effective vehicle for leveraging costs and improving gross margins and it will not be affected by the 1995 changes. While the sportswear group provided an effective mechanism for achieving an immediate integration of Gant and Izod into PVH, the 1995 reorganization permits its split-up into separate brand marketing units.

CORPORATE EXPENSES

Corporate expenses were \$12.9 million in 1995 compared with \$10.5 million in 1994 and \$13.0 million in 1993. The lower expense level in 1994 compared with both 1995 and 1993 resulted primarily from a reduction in the Company's liability for its supplemental savings plan which is linked to the market value of PVH stock. Contributing to the higher expense level in 1995 were expenses related to certain brand research and marketing projects.

INTEREST EXPENSE

Interest expense was \$23.2 million in 1995 compared with \$12.8 million in 1994 and \$16.7 million in 1993. The increase in 1995 reflects the higher borrowing levels associated with the acquisition of the Gant and Izod businesses. The decrease in 1994 relates principally to the November 1993 refinancing which reduced the interest rate on a portion of the Company's long-term debt. In addition, lower average debt and higher interest rates on invested cash contributed to the interest expense reduction.

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INCOME TAXES

In 1995, PVH incurred a pre-tax loss of \$2.6 million after taking into account the charge for restructuring. Such loss represented a combination of pre-tax income earned in Puerto Rico and a U.S. tax loss. Since the U.S. tax loss was available for carryback without limitation and the Puerto Rico income was tax exempt, the net result was a tax benefit which eliminated the full amount of the pre-tax loss. The significantly reduced rate in 1994 resulted, in part, from the reversal of estimated tax liabilities no longer deemed necessary. In addition, the \$7.0 million restructuring charge in 1994 reduced income from domestic sources, which is taxed at normal rates, thereby increasing the proportionate share of tax exempt income earned from the Company's operations in Puerto Rico.

EXTRAORDINARY LOSS - EARLY RETIREMENT OF DEBT

In 1993, the Company incurred a loss, net of tax, of \$11.4 million, or \$.42 per share, in connection with the early retirement of long-term debt.

SEASONALITY

The Company's business is seasonal, with higher sales and operating income during its third and fourth quarters, which coincide with the Company's two peak retail selling seasons: the first running from the start of summer vacation in late May and continuing through September, the second being the Christmas selling season beginning with the weekend following Thanksgiving and continuing through the week after Christmas.

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

LIQUIDITY AND CAPITAL RESOURCES

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

(In Thousands)	1995	1994	1993
Income from operations			
adjusted for non-cash items	\$ 31,785	\$42,773	\$57,607
Change in working capital	(74,278)	6,621	(4,147)
Capital spending, net	(31,973)	(37,830)	(37,883)
Acquisition of Gant & Izod	(114,503)	0	0
Investment in Pyramid			
Sportswear	(6,950)	0	0
Early retirement of debt	0	0	(11,394)
Cash dividends	(4,007)	(3,984)	(3,920)
Exercise of stock options	1,745	2,630	7,425
Other changes	3,905	2,438	(678)
Increase (decrease) in cash,			
before net change in debt	\$(194,276)	\$12,648	\$ 7,010

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The year 1995 was characterized by major investment.

The acquisition of the Gant and Izod businesses involved both the cost of the acquisition itself as well as the costs of their immediate restructuring and integration into PVH. The investment in Pyramid Sportswear represents the purchase of a 25% interest in that company plus an option to acquire the balance in four years.

Changes in working capital components, after excluding working capital acquired in the acquisition of the Gant and Izod businesses, were as follows:

Source/(Use) of Cash	(000's)
Accounts receivable	\$(13,927)
Inventory	16,315
Other assets	(3,183)
Payables and accruals	(17,201)
	\$(17,996)

The increase in accounts receivable was due principally to a temporary change in the timing of year end shipments. Inventory, which ended the year with a 10% reduction, was well balanced and continues to reflect the Company's focus on tight management of working capital.

Capital spending of \$39.8 million marked the completion of several major capital projects, including the new Jonesville Distribution Center and the

upgrading of key information systems.

Looking ahead, the major restructuring initiatives under way, including the downsizing of the Company's retail business, should provide a significant reduction in working capital requirements. In addition, a \$10.0 million reduction in capital spending is planned for the coming year.

Total debt as a percentage of total capital increased at year end 1995 to 52.3% from 38.2% at year end 1994 and 40.8% at year end 1993. The Company believes that the 1995 increase, principally due to the acquisition of the Gant and Izod businesses, represents a temporary interruption of the past seven years of improving financial position.

With all of its major investments now in place, PVH is well-positioned to achieve a very positive cash flow in 1996 and beyond.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE PHILLIPS-VAN HEUSEN CORPORATION FINANCIAL STATEMENTS INCLUDED IN ITS 10-K REPORT FOR THE YEAR ENDED JANUARY 28, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR		
	JAN-28-1996	
	JAN-28-1996	17,533
		0
		115,380
		5,514
		276,773
	444,664	143,398
		0
	749,055	
183,126		229,548
26,979		0
		0
		248,313
749,055		1,464,128
	1,464,128	987,921
		987,921
		455,634
		0
	23,199	
	(2,626)	
	(2,920)	
	294	
		0
		0
		0
		294
		0.01
		0.01

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