

SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 4, 1997

OR

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

For the transition period from _____ to _____

Commission file number 1-724

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

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1166910
(IRS Employer
Identification No.)

1290 Avenue of the Americas New York, New York
(Address of principal executive offices)

10104
(Zip Code)

Registrant's telephone number (212) 541-5200

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 (or for such shorter
period that registrant was required to file such reports), and (2) has
been subject to such filing requirement for the past 90 days.
Yes No

The number of outstanding shares of common stock, par value \$1.00 per
share, of Phillips-Van Heusen Corporation as of May 30, 1997: 27,065,489
shares.

PHILLIPS-VAN HEUSEN CORPORATION

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Independent Accountants Review Report

Stockholders and Board of Directors
Phillips-Van Heusen Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Phillips-Van Heusen Corporation as of May 4, 1997, and the related condensed consolidated statements of operations and cash flows for the thirteen week periods ended May 4, 1997 and April 28, 1996. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Phillips-Van Heusen Corporation as of February 2, 1997, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein) and in our report dated March 11, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 2, 1997, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

ERNST & YOUNG LLP

New York, New York
May 22, 1997

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

	UNAUDITED May 4, 1997	AUDITED February 2, 1997
ASSETS		
Current Assets:		
Cash, including cash equivalents of \$6,451 and \$1,861	\$ 16,220	\$ 11,590
Trade receivables, less allowances of \$3,607 and \$3,401	98,746	91,806
Inventories	267,112	237,422
Other, including deferred taxes of \$4,300	22,346	22,140
Total Current Assets	404,424	362,958
Property, Plant and Equipment	134,082	137,060
Goodwill	119,516	120,324
Other Assets, including deferred taxes of \$16,617	39,813	37,094
	\$697,835	\$657,436
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 69,000	\$ 20,000
Accounts payable	34,811	36,355
Accrued expenses	53,505	55,754
Current portion of long-term debt	10,157	10,157
Total Current Liabilities	167,473	122,266
Long-Term Debt, less current portion	189,399	189,398
Other Liabilities	57,270	55,614
Stockholders' Equity:		
Preferred Stock, par value \$100 per share; 150,000 shares authorized; no shares outstanding		
Common Stock, par value \$1 per share; 100,000,000 shares authorized; shares issued 27,063,489 and 27,045,705	27,063	27,046
Additional Capital	116,384	116,296
Retained Earnings	140,246	146,816
Total Stockholders' Equity	283,693	290,158
	\$697,835	\$657,436

See accompanying notes.

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

	Thirteen Weeks Ended	
	May 4, 1997	April 28, 1996
Net sales	\$285,925	\$273,660
Cost of goods sold	186,957	180,563
Gross margin	98,968	93,097
Selling, general and administrative expenses	100,654	96,358
Loss before interest and taxes	(1,686)	(3,261)
Interest expense, net	4,932	6,153
Loss before taxes	(6,618)	(9,414)
Income tax benefit	2,078	2,860
Net loss	\$ (4,540)	\$ (6,554)
Net loss per share	\$ (0.17)	\$ (0.24)
Average shares outstanding	27,058	26,984
Cash dividends per share	\$ 0.0375	\$ 0.0375

See accompanying notes.

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

	Thirteen Weeks Ended	
	May 4, 1997	April 28, 1996
OPERATING ACTIVITIES:		
Net Loss	\$ (4,540)	\$ (6,554)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	6,982	7,802
Amortization of contributions from landlords	(1,382)	(1,617)
Equity income in Pyramid Sportswear	(350)	(313)
Changes in operating assets and liabilities:		
Receivables	(5,398)	19,437
Inventories	(29,690)	(23,739)
Accounts payable and accrued expenses	(3,869)	(15,545)
Other-net	(1,332)	(1,542)
Net Cash Used By Operating Activities	(39,579)	(22,071)
INVESTING ACTIVITIES:		
Property, plant and equipment acquired	(3,354)	(3,805)
Other-net	487	(1,724)
Net Cash Used By Investing Activities	(2,867)	(5,529)
FINANCING ACTIVITIES:		
Proceeds from revolving line of credit	49,001	47,577
Payments on revolving line of credit and long-term borrowings	-	(10,165)
Exercise of stock options	105	56
Cash dividends	(2,030)	(2,027)
Net Cash Provided By Financing Activities	47,076	35,441
Increase In Cash	4,630	7,841
Cash at beginning of period	11,590	17,533
Cash at end of period	\$ 16,220	\$ 25,374

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(IN THOUSANDS)

GENERAL

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not contain all disclosures required by generally accepted accounting principles for complete financial statements. Reference should be made to the annual financial statements, including the footnotes thereto, included in the Company's Annual Report to Stockholders for the year ended February 2, 1997.

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.

The results of operations for the thirteen weeks ended May 4, 1997 and April 28, 1996 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. The data contained in these financial statements are unaudited and are subject to year-end adjustments; however, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods.

As part of its ongoing strategic and expense reduction initiatives, the Company continues to evaluate its operations.

Certain reclassifications have been made to the condensed consolidated financial statements for the thirteen weeks ended April 28, 1996 to present them on a basis consistent with the thirteen weeks ended May 4, 1997.

INVENTORIES

Inventories are summarized as follows:

	May 4, 1997	February 2, 1997
Raw materials	\$ 18,847	\$ 16,670
Work in process	15,884	13,208
Finished goods	232,381	207,544
Total	\$267,112	\$237,422

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. Inventories would have been approximately \$13,000 higher than reported at May 4, 1997 and February 2, 1997, if the FIFO method of inventory accounting had been used for the entire apparel business.

The final determination of cost of sales and inventories under the LIFO method can only be made at the end of each fiscal year based on inventory cost and quantities on hand. Interim LIFO determinations are based on management's estimates of expected year-end inventory levels and costs. Such estimates are subject to revision at the end of each quarter. Since estimates of future inventory levels and costs are subject to external factors, interim financial results are subject to year-end LIFO inventory adjustments.

EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings Per Share," which is required to be adopted by the Company on February 1, 1998. At that time, the Company will be required to change the method currently used to compute net income per share and restate all prior periods. Under the new requirements for calculating primary net income per share, the dilutive effect of stock options will be excluded. Implementation of the new requirements will not have a material effect on the Company.

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.

	Thirteen Weeks Ended	
	May 4, 1997	April 28, 1996
Net sales-apparel	\$214,425	\$200,198
Net sales-footwear	71,500	73,462
Total net sales	\$285,925	\$273,660
Operating loss-apparel	\$ (1,379)	\$ (2,306)
Operating income-footwear	2,809	2,215
Total operating income (loss)	1,430	(91)
Corporate expenses	(3,116)	(3,170)
Interest expense, net	(4,932)	(6,153)
Loss before taxes	\$ (6,618)	\$ (9,414)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Thirteen Weeks Ended May 4, 1997 Compared to Thirteen Weeks Ended April 28, 1996

APPAREL

Net sales of the Company's apparel business in the first quarter were \$214.4 million in 1997 and \$200.2 million last year, an increase of 7.1%. The sales improvement results from increases in the Company's wholesale branded businesses, particularly Dress Shirts and Izod, which more than offset the planned decrease in retail sales resulting from the Company's ongoing strategic program of contracting the retail component of its business by closing its least productive stores.

Gross margin on apparel sales in the first quarter was 32.9% in 1997 compared with 33.4% in the prior year. The Company's branded businesses had margin increases continuing the trend which began in the second half of 1996 as the impact of the Company's strategic initiatives began to take hold. However, these increases were more than offset by decreases at the Company's sweater division and its golf pro shops business which experienced less demand for their products and a resulting weakening in margins.

Selling, general and administrative expenses as a percentage of apparel net sales in the first quarter decreased to 33.6% this year from 34.5% last year. However, these expense levels are expected to increase as a percentage of apparel net sales, in the short-term, as the Company plans to significantly increase its marketing expenditures in the second half of this year.

FOOTWEAR

Net sales of the Company's footwear business in the first quarter were \$71.5 million in 1997 and \$73.5 million last year, a decrease of 2.7%. This was caused by the planned decrease in retail sales resulting from the Company's ongoing strategic program of contracting the retail component of its business by closing its least productive stores which more than offset the increase in the Company's wholesale business.

Gross margin on footwear sales in the first quarter was 39.6% in 1997 compared with 35.8% in the prior year. The improvement in gross margin, which began in the second half of 1996 as the impact of the Company's strategic initiatives began to take hold, continued in the current quarter as evidenced by increased gross margins in the Company's wholesale business and in its outlet stores. In addition, the difficulties experienced by Bass during the first half of last year in restructuring its Puerto Rico manufacturing operations did not recur, thus adding to margin improvement.

Selling, general and administrative expenses as a percentage of footwear net sales in the first quarter were 35.6% this year compared with 32.7% last year. While expense levels were essentially flat, the lower volume of sales caused the percentage relationship to net sales to increase. As in apparel, these expense levels are expected to increase as a percentage of net sales, in the short-term, as the Company plans to significantly increase its marketing expenditures in the second half of this year.

INTEREST EXPENSE

Interest expense in the first quarter was \$4.9 million in 1997 compared with \$6.2 million last year. The decrease is directly attributable to lower average borrowings which resulted from the positive cash flow generated in 1996, which enabled the Company to start 1997 with \$81.7 million less debt than a year ago.

INCOME TAXES

Income taxes were estimated at a rate of 31.4% for the current year compared with last year's first quarter rate of 30.4%. The tax rates reflect the relationship of U.S. income taxed at normal rates versus tax exempted income from operations in Puerto Rico.

CORPORATE EXPENSES

Corporate expenses in the first quarter were \$3.1 million in 1997 compared with \$3.2 million last year.

SEASONALITY

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

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

LIQUIDITY AND CAPITAL RESOURCES

The seasonal nature of the Company's business typically requires the use of cash to fund a build-up in the Company's inventory in the first half of each year. During the third and fourth quarters, the Company's higher level of sales tends to reduce its inventory and generate cash from operations.

Net cash used by operations in the first quarter totalled \$39.6 million in 1997 and \$22.1 million last year. This increase is related principally to later than usual shipments in the latter part of 1995 which, in turn, created a significant increase in collections in the first quarter of 1996. This pattern did not repeat itself in 1996 and, as a result, collections in the first quarter of 1997 were significantly less than in the prior year's quarter. The Company continues to aggressively manage its net assets, particularly inventory which decreased \$33.4 million or 11.1% at the end of the current quarter compared with a year ago while sales were increasing 4.5%.

Capital spending in the first quarter was \$3.4 million in 1997 as compared with \$3.8 million last year. The Company anticipates a modest increase in overall capital spending levels for 1997 compared to 1996 levels.

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 facilities is \$250 million provided, however, that the aggregate maximum amount outstanding at any time under both facilities is \$400 million. The Company believes that its borrowing capacity under these facilities is adequate for its 1997 peak seasonal needs. Total debt as a percentage of total capital was 48.6% as of May 4, 1997 and 55.9% as of April 28, 1996. This decrease is due principally to the Company's free cash flow in 1996 which was used to repay debt resulting in \$81.7 million less debt at year end 1996 compared with year end 1995. This, in turn, results in the Company having significantly reduced debt levels at the end of the current year's first quarter compared with a year ago.

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* SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT *
* OF 1995 *
* *
* Forward-looking statements in this Form 10-Q report, including without *
* limitation statements relating to the Company's plans, strategies, *
* objectives, expectations and intentions, are made pursuant to the safe *
* harbor provisions of the Private Securities Litigation Reform Act of *
* 1995. Investors are cautioned that such forward-looking statements *
* involve risks and uncertainties, including without limitation the *
* following: (i) the Company's plans, strategies, objectives, *
* expectations and intentions are subject to change at any time at the *
* discretion of the Company; (ii) the levels of sales of the Company's *
* apparel and footwear products, both to its wholesale customers and in *
* its retail stores, and the extent of discounts and promotional pricing *
* in which the Company is required to engage; (iii) the Company's plans and *
* results of operations will be affected by the Company's ability to manage *
* its growth and inventory; and (iv) other risks and uncertainties *
* indicated from time to time in the Company's filings with the Securities *
* and Exchange Commission. *
* *

Part II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(a) The following exhibits are included herein:

- 3.1 Certificate of Incorporation (incorporated by reference to Exhibit 5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1977).
- 3.2 Amendment to Certificate of Incorporation, filed June 27, 1984 (incorporated by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1985).
- 3.3 Certificate of Designation of Series A Cumulative Participating Preferred Stock, filed June 10, 1986 (incorporated by reference to Exhibit A of the document filed as Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).
- 3.4 Amendment to Certificate of Incorporation, filed June 2, 1987 (incorporated by reference to Exhibit 3(c) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).
- 3.5 Amendment to Certificate of Incorporation, filed June 1, 1993 (incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).
- 3.6 Amendment to Certificate of Incorporation, filed June 20, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 10-Q for the period ended July 28, 1996).
- 3.7 By-Laws of Phillips-Van Heusen Corporation, as amended through June 18, 1996 (incorporated by reference to Exhibit 3.2 to the Company's Report on Form 10-Q for the period ended July 28, 1996).
- 4.1 Specimen of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1981).
- 4.2 Preferred Stock Purchase Rights Agreement (the "Rights Agreement"), dated June 10, 1986 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).
- 4.3 Amendment to the Rights Agreement, dated March 31, 1987 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 4(c) to the Company's Annual Report on Form 10-K for the year ended February 2, 1987).

- 4.4 Supplemental Rights Agreement and Second Amendment to the Rights Agreement, dated as of July 30, 1987, between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit (c)(4) to the Company's Schedule 13E-4, Issuer Tender Offer Statement, dated July 31, 1987).
- 4.5 Notice of extension of the Rights Agreement, dated June 5, 1996, from Phillips-Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.13 to the Company's report on Form 10-Q for the period ended April 28, 1996).
- 4.6 Credit Agreement, dated as of 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).
- 4.7 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).
- 4.8 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).
- 4.9 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).
- 4.10 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).
- 4.11 Fifth Amendment, dated as of April 1, 1996, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).
- 4.12 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).

- 4.13 First Amendment Agreement, dated as of June 24, 1996, to the Note Agreement, dated as of October 1, 1992 (incorporated by reference to Exhibit 4.14 to the Company's report on Form 10-Q for the period ended July 28, 1996).
- 4.14 Indenture, dated as of November 1, 1993, between PVH and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (Reg. No. 33-50751) filed on October 26, 1993).
- 10.1 1987 Stock Option Plan, including all amendments through April 29, 1997.
- 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 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).
- 10.5 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, effective as of January 1, 1991 and amended and restated as of April 29, 1997.
- 10.11 Non-Incentive Stock Option Agreement, dated as of December 3, 1993, between the Company and Bruce J. Klatsky (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).
- 10.12 Amendment to 1973 Employees' Stock Option Plan, effective as of April 29, 1997.
- 10.13 Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to Bruce J. Klatsky.
- 15. Acknowledgement of Independent Accountants.
- 27. Financial Data Schedule

(b) Reports on Form 8-K filed during the quarter ended May 4, 1997.

No reports have been filed on Form 8-K during the quarter covered by this report.

SIGNATURES

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

PHILLIPS-VAN HEUSEN CORPORATION
Registrant

June 9, 1997

/s/ Emanuel Chirico
Emanuel Chirico, Controller
Vice President and
Chief Accounting Officer

May 22, 1997

Stockholders and Board of Directors
Phillips-Van Heusen Corporation

We are aware of the incorporation by reference in

(i) Post-Effective Amendment No. 2 to the Registration Statement (Form S-8, No. 2-73803), which relates to the Phillips-Van Heusen Corporation Employee Savings and Retirement Plan,

(ii) Registration Statement (Form S-8, No. 33-50841) and Registration Statement (Form S-8, No. 33-59602), each of which relate to the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico,

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

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

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

of our report dated May 22, 1997 relating to the unaudited condensed consolidated interim financial statements of Phillips-Van Heusen Corporation which are included in its Form 10-Q for the thirteen week period ended May 4, 1997.

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

ERNST & YOUNG LLP

New York, New York

1987 STOCK OPTION PLAN
(Including all amendments
through April 29, 1997)

1. Purpose.

The purposes of the 1987 Stock Option Plan (the "Plan") are to induce certain individuals to remain in the employ, or to continue to serve as directors, of Phillips-Van Heusen Corporation (the "Company") and its present and future subsidiary corporations (each a "Subsidiary"), as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to attract new individuals to enter into such employment and service and to encourage such individuals to secure or increase on reasonable terms their stock ownership in the Company. The Board of Directors of the Company (the "Board") believes that the granting of stock options (the "Options") under the Plan will promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out the long range plans of the Company and securing its continued growth and financial success. Options granted hereunder are intended to be either (a) "incentive stock options" (which term, when used herein, shall have the meaning ascribed thereto by the provisions of Section 422(b) of the Code) or (b) options which are not incentive stock options ("non-incentive stock options") or (c) a combination thereof, as determined by the Committee (the "Committee") referred to in Section 5 hereof at the time of the grant thereof.

2. Effective Date of the Plan.

The Plan became effective on April 2, 1987. The Plan was amended and restated effective as of January 3, 1991, and amended further as of April 4, 1991, February 4, 1993, March 30, 1993, September 9, 1993, April 18, 1995, June 13, 1995 and April 29, 1997.

3. Stock Subject to Plan.

3,150,000 (which number reflects all changes in the capitalization of the Company and amendments to the Plan through April 29, 1997) of the authorized but unissued shares of the common stock, \$1.00 par value, of the Company (the "Common Stock") are hereby reserved for issue upon the exercise of Options granted under the Plan; provided, however, that the number of shares so reserved may from time to time be reduced to the extent that a corresponding number of issued and outstanding shares of the Common Stock are purchased by the Company and set aside for issue upon the exercise of Options. If any Options expire or terminate for any reason without having been exercised in full, the unpurchased shares subject thereto shall again be available for the purposes of the Plan.

4. Administration.

The Plan shall be administered by the Committee referred to in Section 5 hereof. Subject to the express provisions of the Plan, the Committee shall have complete authority, in its

discretion, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective option agreements or certificates (which need not be identical), to determine the individuals (each a "Participant") to whom and the times and the prices at which Options shall be granted, the periods during which each Option shall be exercisable, the number of shares of the Common Stock to be subject to each Option and whether such Option shall be an incentive stock option or a non-incentive stock option and to make all other determinations necessary or advisable for the administration of the Plan. In making such determinations, the Committee may take into account the nature of the services rendered by the respective employees, their present and potential contributions to the success of the Company and the Subsidiaries and such other factors as the Committee in its discretion shall deem relevant. The Committee's determination on the matters referred to in this Section 4 shall be conclusive. Any dispute or disagreement which may arise under or as a result of or with respect to any Option shall be determined by the Committee, in its sole discretion, and any interpretations by the Committee of the terms of any Option shall be final, binding and conclusive.

5. Committee.

The Committee 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), and both or all of whom shall be "outside directors" within the contemplation of Section 162(m)(4)(C)(i) of the Code. The President of the Company shall also be a member of the Committee, ex-officio, whether or not he is otherwise eligible to be a member of the Committee. The Committee shall be appointed annually by the Board, which may at any time and from time to time remove any members of the Committee, with or without cause, appoint additional members to the Committee and fill vacancies, however caused, in the Committee. A majority of the members of the Committee shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members present at a meeting duly called and held except that the Committee may delegate to any one of its members the authority of the Committee with respect to the grant of Options to persons who shall not be officers and/or directors of the Company and who are not, and in the judgment of the Committee may not be reasonably expected to become, a "covered employee" within the meaning of Section 162(m)(3) of the Code. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee (or by the member of the Committee to whom authority has been delegated) shall be fully as effective as if it had been made at a meeting duly called and held.

6. Eligibility.

An Option may be granted only to a key employee of the Company or a Subsidiary. A director of the Company or a Subsidiary who is not an employee of the Company or a Subsidiary shall be eligible to receive an Option, but only as provided in Section 21 hereof.

7. Option Prices.

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

B. The initial per share option price of any Option which is a non-incentive stock option shall not be less than 85% of the fair market value of a share of the Common Stock on the date of the grant; provided, however, that, in the case of a non-incentive stock option granted to a person who is, or in the judgment of the Committee may reasonably be expected to become, a "covered employee" within the meaning of Section 162(m)(3) of the Code, the initial per share option price shall not be less than

the fair market value of a share of the Common Stock on the date of grant.

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

8. Option Term.

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

9. Limitations on Amount of Options Granted.

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

B. No Participant shall, during any fiscal year of the Company, be granted Options to purchase more than 100,000 shares of the Common Stock (or, in the case of the fiscal year of the Company ending in January, 1994, 250,000 shares of the Common Stock).

10. Exercise of Options.

A. A Participant may not exercise an Option during the period commencing on the date of the granting of such Option to him and ending on the day next preceding the third anniversary of such date. A Participant may (i) during the period commencing on the third anniversary of the date of the granting of an Option to him and ending on the day next preceding the fourth anniversary of such date, exercise such Option with respect to one-third of the shares granted thereby, (ii) during the period commencing on such fourth anniversary and ending on the day next preceding the fifth anniversary of the date of the granting of such Option, exercise such Option with respect to two-thirds of the shares granted thereby, and (iii) during the period commencing on such fifth anniversary, exercise such Option with respect to all of the shares granted thereby.

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

C. An Option may be exercised only by a written notice of

intent to exercise such Option with respect to a specific number of shares of the Common Stock and payment to the Company of the amount of the option price for the number of shares of the Common Stock so specified; provided, however, that, if the Committee shall in its sole discretion so determine at the time of the grant of any Option, all or any portion of such payment may be made in kind by the delivery of shares of the Common Stock having a fair market value equal to the portion of the option price so paid; provided, further, however, that, subject to the requirements of Regulation T (as in effect from time to time) promulgated under the Exchange Act, the Committee may implement procedures to allow a broker chosen by a Participant to make payment of all or any portion of the option price payable upon the exercise of an Option and receive, on behalf of such Participant, all or any portion of the shares of the Common Stock issuable upon such exercise.

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

E. I. Notwithstanding the provisions of paragraph A of this Section 10, in the event that a Change in Control shall occur, then, each Option theretofore granted to any Participant which shall not have theretofore expired or otherwise been cancelled or become unexercisable shall become immediately exercisable in full. For the purposes of this paragraph E, a

"Change in Control" shall be deemed to occur upon (a) the election of one or more individuals to the Board which election results in one-third of the directors of the Company consisting of individuals who have not been directors of the Company for at least two years, unless such individuals have been elected as directors or nominated for election by the stockholders as directors by 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. For the purposes of this division I, (1) the term "Affiliate" shall mean any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person, (2) the term "Person" shall mean any individual, partnership, firm, trust, corporation or other similar entity and (3) when two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of the Company, such partnership, limited partnership, syndicate or group shall be deemed a "Person".

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

III. The provisions of this Section 10E shall only apply to Options granted under the Plan on or subsequent to June 13, 1995. Options granted prior to such date shall be governed by the provisions of the Plan as in effect on the date of the grant thereof.

11. Transferability.

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

exercised only by him.

12. Termination of Employment.

In the event a Participant leaves the employ of the Company and the Subsidiaries, whether voluntarily or otherwise but other than by reason of his death or retirement, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of 30 days after the date of such Participant's termination of employment and the date of termination specified in such Option. Notwithstanding the foregoing, if a Participant is terminated for cause (as defined herein), each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall, to the extent not theretofore exercised, terminate forthwith. For purposes of the foregoing, the term "cause" shall mean: (i) the commission by the Participant of any act or omission that would constitute a crime under federal, state or equivalent foreign law, (ii) the commission by the Participant of any act of moral turpitude, (iii) fraud, dishonesty or other acts or omissions that result in a breach of any fiduciary or other material duty to the Company and/or the Subsidiaries, or (iv) continued alcohol or other substance abuse that renders the Participant incapable of performing his material duties to the satisfaction of the Company and/or the Subsidiaries. In the event a Participant leaves the employ of

the Company and the Subsidiaries by reason of his retirement, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of such retirement and the date of termination specified in such Option. In the event a Participant's employment with the Company and the Subsidiaries terminates by reason of his death, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of the qualification of a representative of his estate and the date of termination specified in such Option.

13. Adjustment of Number of Shares.

In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock then subject to any Option and the number of shares of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number of shares set forth in Section 9B hereof shall be adjusted by adding to each share the number of shares which would be distributable thereon if such shares had been outstanding on the date fixed for determining the stockholders

entitled to receive such stock dividend. In the event that the outstanding shares of the Common Stock shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, sale of assets, merger or consolidation in which the Company is the surviving corporation, then, there shall be substituted for each share of the Common Stock then subject to any Option and for each share of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and for each share of the Common Stock referred to in Section 9B hereof, the number and kind of shares of stock or other securities into which each outstanding share of the Common Stock shall be so changed or for which each such share shall be exchanged. In the event that there shall be any change, other than as specified in this Section 13, in the number or kind of outstanding shares of the Common Stock, or of any stock or other securities into which the Common Stock shall have been changed, or for which it shall have been exchanged, then, if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the number or kind of shares then subject to any Option and the number or kind of shares reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number or kind of shares referred to in Section 9B hereof, such adjustment shall be made by the Committee and shall be effective and binding for

all purposes of the Plan and of each stock option agreement or certificate entered into in accordance with the provisions of the Plan. In the case of any substitution or adjustment in accordance with the provisions of this Section 13, the option price in each stock option agreement or certificate for each share covered thereby prior to such substitution or adjustment shall be the option price for all shares of stock or other securities which shall have been substituted for such share or to which such share shall have been adjusted in accordance with the provisions of this Section 13. No adjustment or substitution provided for in this Section 13 shall require the Company to sell a fractional share under any stock option agreement or certificate. In the event of the dissolution or liquidation of the Company, or a merger, reorganization or consolidation in which the Company is not the surviving corporation, then, except as otherwise provided in the second sentence of this Section 13, each Option, to the extent not theretofore exercised, shall terminate forthwith.

14. Purchase for Investment, Withholding and Waivers.

Unless the shares to be issued upon the exercise of an Option by a Participant shall be registered prior to the issuance thereof under the Securities Act of 1933, as amended, such Participant will, as a condition of the Company's obligation to issue such shares, be required to give a representation in writing that he is acquiring such shares for his own account as

an investment and not with a view to, or for sale in connection with, the distribution of any thereof. In the event of the death of a Participant, a condition of exercising any Option shall be the delivery to the Company of such tax waivers and other documents as the Committee shall determine. In the case of each non-incentive stock option, a condition of exercising the same shall be the entry by the person exercising the same into such arrangements with the Company with respect to withholding as the Committee may determine.

15. No Stockholder Status.

Neither any Participant nor his legal representatives, legatees or distributees shall be or be deemed to be the holder of any share of the Common Stock covered by an Option unless and until a certificate for such share has been issued. Upon payment of the purchase price thereof, a share issued upon exercise of an Option shall be fully paid and non-assessable.

16. No Restrictions on Corporate Acts.

Neither the existence of the Plan nor any Option shall in any way affect the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the

Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding whether of a similar character or otherwise.

17. Declining Market Price.

In the event the fair market value of the Common Stock declines below the option price set forth in any Option, the Committee may, at any time, adjust, reduce, cancel and re-grant any unexercised Option or take any similar action it deems to be for the benefit of the Participant in light of the declining fair market value of the Common Stock; provided, however, that none of the foregoing actions may be taken without the prior approval of the Board.

18. No Employment Right.

Neither the existence of the Plan nor the grant of any Option shall require the Company or any Subsidiary to continue any Participant in the employ of the Company or such Subsidiary.

19. Termination and Amendment of the Plan.

The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable; provided, however, that the Board may not without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the

stockholders, increase the number of shares as to which Options may be granted under the Plan (as adjusted in accordance with the provisions of Section 13 hereof), or change the manner of determining the option prices, or extend the period during which an Option may be granted or exercised. Except as otherwise provided in Section 13 hereof, no termination or amendment of the Plan may, without the consent of the Participant to whom any Option shall theretofore have been granted, adversely affect the rights of such Participant under such Option.

20. Expiration and Termination of the Plan.

The Plan shall terminate on April 1, 1997 or at such earlier time as the Board may determine. Options may be granted under the Plan at any time and from time to time prior to its termination. Any Option outstanding under the Plan at the time of the termination of the Plan shall remain in effect until such Option shall have been exercised or shall have expired in accordance with its terms.

21. Options for Outside Directors.

A. A director of the Company who is not an employee of the Company or a Subsidiary (an "Outside Director") shall be eligible to receive an Option. Except as otherwise provided in this Section 21, each such Option shall be subject to all of the terms and conditions of the Plan.

B. I. At the first meeting of the Board immediately

following each Annual Meeting of the Stockholders of the Company, each Outside Director shall be granted an Option, which shall be a non-incentive stock option, to purchase the number (calculated to the nearest 100 shares) of shares of the Common Stock derived by dividing \$50,000 by the fair market value (as defined in Section 7C hereof) of a share of the Common Stock on the date of grant.

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

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

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

C. I. The provisions of Section 12 hereof shall not be applicable to any Option granted to an Outside Director.

II. In the event an Outside Director ceases to be an Outside Director prior to his 65th birthday, whether voluntarily or otherwise but other than by reason of his death, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall, to the extent not

theretofore exercised, terminate forthwith.

III. In the event an Outside Director ceases to be an Outside Director after his 65th birthday other than by reason of his death, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date on which he shall cease to be an Outside Director and the date of termination specified in such Option.

IV. In the event of the death of an Outside Director, each Option theretofore granted to him which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of the qualification of a representative of his estate and the date of termination specified in such Option.

D. The provisions of this Section 21 may not be amended except by the vote of a majority of the members of the Board and by the vote of a majority of the members of the Board who are not Outside Directors and the provisions of this Section 21 shall not be amended more than once every six months, other than to comport with changes in the Code, the Employee Retirement Income Security Act of 1974 or the regulations or rules thereunder.

PHILLIPS-VAN HEUSEN CORPORATION
SUPPLEMENTAL SAVINGS PLAN
(Effective as of January 1, 1991)
(As Amended and Restated Effective as of April 29, 1997)

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 April 29, 1997 to modify the change in control provisions 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 April 29, 1997.

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 April 29, 1997 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 whatever, his or her participation under the Plan shall terminate on the Valuation Date occurring in the calendar month in which the date of such termination shall occur. (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 Partici-

pants, 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 April 29, 1997.

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 or nominated for election by the stockholders 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

1973 EMPLOYEES' STOCK OPTION PLAN

(As Amended and Restated To and Including October 1, 1981)

Amendment

The Phillips-Van Heusen Corporation 1973 Stock Option Plan (the "Plan") is hereby amended, effective as of April 29, 1997, as follows:

FIRST: Section 18 of the Plan is hereby amended so that it shall read in its entirety as follows:

18. Change in Control.

Notwithstanding any provision of Section 9 hereof to the contrary, in the event that a Change in Control shall occur, then, each Option theretofore granted to any Participant which shall not have expired or otherwise been cancelled or become unexercisable shall become immediately exercisable in full. For the purposes of this Section 18, 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 for at least two years, unless such individuals have been elected as directors or nominated for election by the stockholders 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. For the purposes of this Section 18, (a) the term "Affiliate" shall mean any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, any other Person, (b) the term "Person" shall mean any individual, partnership, firm, trust, corporation or other similar entity, and (c) when two 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".

In the event that a Change of Control shall occur, then, from and after the time of such event, neither the provisions of this Section 18 nor any of the rights of any Participant thereunder shall be modified or amended in any way.

SECOND: Except as hereby expressly amended, the Plan shall remain in full force and effect.

Phillips-Van Heusen Letterhead

[Date]

Dear Mr. Klatsky:

We refer to that certain agreement (your "CAP Agreement"), dated _____, as amended by letter dated _____, 1995, between you and us which provides you with a target monthly benefit of \$16,666.67 under our so-called "Capital Accumulation Plan". This letter, when accepted by you, will constitute an amendment of your CAP Agreement to the extent set forth herein:

1. Part E of Article THIRD of your CAP Agreement (the definition of "Change in Control") is hereby amended by adding the following to the end thereof:

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 of Directors of the Company duly to continue Mr. Klatsky as Chief Executive Officer and Chairman of the Board at all times prior to his retirement as an employee, (b) the appointment by the Board of an officer or the hiring by the Board of an employee with authority equal or superior to the authority of Mr. Klatsky at any time prior to his retirement as an employee 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.

2. Except as hereby expressly amended and modified, the provisions of your CAP Agreement shall remain in full force and effect.

If the foregoing is acceptable to you, please sign and return to us the enclosed copy of this letter.

Very truly yours,

PHILLIPS-VAN HEUSEN CORPORATION

By:

ACCEPTED AND AGREED TO:

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE PHILLIPS-VAN HEUSEN CORPORATION FINANCIAL STATEMENTS INCLUDED IN ITS 10-Q REPORT FOR THE THREE MONTHS ENDED MAY 4, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS	FEB-01-1998	MAY-04-1997
		\$ 16,220
		0
		102,353
		(3,607)
		267,112
	404,424	
		134,082
		0
		697,835
	167,473	
		189,399
	0	
		0
		27,063
		256,630
697,835		
		285,925
	285,925	
		186,957
		186,957
	100,654	
		0
	4,932	
	(6,618)	
		2,078
	(4,540)	
		0
		0
		0
		(4,540)
		(0.17)
		(0.17)

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