

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 August 3, 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 August 29, 1997: 27,121,420
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 August 3, 1997, and the related condensed consolidated statements of operations for the thirteen and twenty-six week periods ended August 3, 1997 and July 28, 1996, and the related condensed consolidated statements of cash flows for the twenty-six week periods ended August 3, 1997 and July 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 income, 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
August 18, 1997

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

	UNAUDITED August 3, 1997	AUDITED February 2, 1997
ASSETS		
Current Assets:		
Cash, including cash equivalents of \$2,950 and \$1,861	\$ 14,474	\$ 11,590
Trade receivables, less allowances of \$3,712 and \$3,401	82,905	91,806
Inventories	322,166	237,422
Other, including deferred taxes of \$13,575 and \$4,300	29,478	22,140
Total Current Assets	449,023	362,958
Property, Plant and Equipment	130,208	137,060
Goodwill	118,709	120,324
Other Assets, including deferred taxes of \$27,330 and \$16,617	49,113	37,094
	\$747,053	\$657,436
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	\$ 77,000	\$ 20,000
Accounts payable	41,567	36,355
Accrued expenses	81,469	55,754
Current portion of long-term debt	10,157	10,157
Total Current Liabilities	210,193	122,266
Long-Term Debt, less current portion	209,401	189,398
Other Liabilities	77,908	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 27,087,868 and 27,045,705	27,088	27,046
Additional Capital	116,517	116,296
Retained Earnings	105,946	146,816
Total Stockholders' Equity	249,551	290,158
	\$747,053	\$657,436

See accompanying notes.

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 3, 1997	July 28, 1996	August 3, 1997	July 28, 1996
Net sales	\$313,458	\$313,807	\$599,383	\$587,467
Cost of goods sold	219,270	208,482	406,227	389,045
Gross profit	94,188	105,325	193,156	198,422
Selling, general and administrative expenses	99,551	96,363	200,205	192,721
Facility and store closing and restructuring and other expenses	41,150	-	41,150	-
Income (loss) before interest and taxes	(46,513)	8,962	(48,199)	5,701
Interest expense, net	5,344	5,918	10,276	12,071
Income (loss) before taxes	(51,857)	3,044	(58,475)	(6,370)
Income tax expense (benefit)	(18,572)	918	(20,650)	(1,942)
Net income (loss)	\$(33,285)	\$ 2,126	\$(37,825)	\$ (4,428)
Net income (loss) per share	\$ (1.23)	\$ 0.08	\$ (1.40)	\$ (0.16)
Average shares outstanding	27,074	26,992	27,066	26,988
Cash dividends per share	\$ 0.0375	\$ 0.0375	\$ 0.075	\$ 0.075

In the second quarter of 1997, the Company recorded a non-recurring pre-tax charge of \$57 million related to a series of actions the Company will take to accelerate the execution of its ongoing strategy to build its core brands. Such amount has been recorded in the statements of operations for the thirteen-weeks and twenty-six weeks ended August 3, 1997 as follows:

Cost of goods sold	\$15,850
Facility and store closing and restructuring and other expenses	41,150
	57,000
Income tax benefit	(20,200)
	\$36,800

See accompanying notes.

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

	Twenty-Six Weeks Ended August 3, 1997	July 28, 1996
OPERATING ACTIVITIES:		
Net loss	\$(37,825)	\$ (4,428)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	13,067	15,097
Amortization of contributions from landlords	(2,481)	(3,212)
Write-off of assets	18,800	-
Deferred income taxes	(19,988)	-
Equity income in Pyramid Sportswear	(700)	(625)
Changes in operating assets and liabilities:		
Receivables	8,901	26,427
Income tax refund	-	16,987
Inventories	(84,744)	(48,900)
Accounts payable and accrued expenses	30,567	(8,970)
Other-net	9,671	(3,830)
Net Cash Used By Operating Activities	(64,732)	(11,454)
INVESTING ACTIVITIES:		
Property, plant and equipment acquired	(6,794)	(10,565)
Contributions from landlords	192	974
Other-net	-	2,181
Net Cash Used By Investing Activities	(6,602)	(7,410)
FINANCING ACTIVITIES:		
Proceeds from revolving line of credit and long-term borrowings	77,000	47,414
Payments on revolving line of credit and long-term borrowings	-	(29,000)
Exercise of stock options	263	95
Cash dividends	(3,045)	(3,039)
Net Cash Provided By Financing Activities	74,218	15,470
Increase (decrease) In Cash	2,884	(3,394)
Cash at beginning of period	11,590	17,533
Cash at end of period	\$ 14,474	\$ 14,139

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share data)

GENERAL

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the thirteen and twenty-six weeks ended August 3, 1997 are not necessarily indicative of the results that may be expected for the year ended February 1, 1998 due, in part, to seasonal factors. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report to Stockholders for the year ended February 2, 1997.

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 twenty-six weeks ended July 28, 1996 to present that information on a basis consistent with the twenty-six weeks ended August 3, 1997.

INVENTORIES

Inventories are summarized as follows:

	August 3, 1997	February 2, 1997
Raw materials	\$ 23,455	\$ 16,670
Work in process	17,675	13,208
Finished goods	281,036	207,544
Total	\$322,166	\$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 \$13,000 higher than reported at August 3, 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 calculation of earnings per share.

FACILITY AND STORE CLOSING AND RESTRUCTURING AND OTHER EXPENSES

On July 31, 1997, the Company announced that it would take a series of actions to accelerate the execution of its ongoing strategy to build its core brands. Included in these actions are the closing of approximately 150 additional outlet stores, repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe and Asia, exiting the sweater manufacturing business and restructuring warehousing and distribution facilities as well as other logistical and administrative areas in order to reduce costs and improve efficiencies. As a result, the Company recorded a non-recurring pre-tax charge of \$57,000 (\$36,800 after tax or \$1.36 per share) in the second quarter of 1997 summarized as follows:

Outlet stores	\$17,000
Gant brand repositioning	13,500
Exiting the sweater manufacturing business	13,000
Restructuring warehousing and distribution facilities and other areas	13,500
Total charge, including \$15,850 in cost of goods sold	57,000
Less income tax benefit	(20,200)
Net charge	\$36,800

The retail outlet store closings will continue the elimination of the Company's weakest and worst-trending stores. At the same time, it will expedite the realignment of the Company's wholesale/retail sales mix and generate positive cash flow as working capital is reduced. The charge relates principally to asset write-offs, accruals of lease termination fees and inventory markdowns (included in cost of goods sold) associated with store closings.

Gant is successfully marketed as an upscale brand in 24 countries throughout Europe, Canada, the Middle East and Asia. Included in this global network are 47 independent Gant retail stores in 18 countries, with 11 additional stores scheduled to be opened in Europe this year. The repositioning of the Gant brand in the United States encompasses new and upgraded products and the consolidation of the worldwide design and sourcing functions -- all focused on promoting consistency of product and quality throughout the world. It is a major step forward in creating "one image" for this global brand. Enhancing this image will be the Gant Flagship Store on Fifth Avenue in New York City which is scheduled to open this Fall. The charge relates principally to asset write-offs (primarily merchandise display fixtures) and inventory markdowns (included in cost of goods sold) associated with the phase-out of old product lines.

The Company's sweater manufacturing business is capital intensive and losing money, and its operations are not a part of the Company's strategy of building its brands. The charge relates principally to exiting the manufacturing facility in Barranquitas, Puerto Rico, and includes asset write-offs (primarily manufacturing equipment), accruals for employee termination and severance costs and a write-down of inventory values (included in cost of goods sold) associated with exiting the facility.

The Company's warehousing and distribution facilities are being reconfigured, including the closing of the Company's Atlanta, Georgia distribution facility, to reduce costs and maximize efficiencies. Certain other logistical and administrative areas are also being restructured to streamline costs. The charge relates principally to the write-off of equipment and accrual of employee termination and severance costs.

In summary, the \$57,000 pre-tax non-recurring charge consists of the following:

Asset write-offs	\$18,800
Inventory markdowns and write-downs (included in cost of goods sold)	15,850
Employee termination and severance costs for approximately 700 employees	7,200
Lease and other obligations	10,350
Other	4,800
	\$57,000

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 and women's apparel to wholesale customers 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 wholesale customers 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		Twenty-Six Weeks Ended	
	August 3, 1997	July 28, 1996	August 3, 1997	July 28, 1996
Net sales-apparel	\$227,179	\$223,227	\$441,605	\$423,425
Net sales-footwear	86,279	90,580	157,778	164,042
Total net sales	\$313,458	\$313,807	\$599,383	\$587,467
Operating income (loss)-apparel*	\$(44,435)	\$ 3,491	\$(45,815)	\$ 1,185
Operating income-footwear*	454	8,115	3,263	10,330
Total operating income (loss)*	(43,981)	11,606	(42,552)	11,515
Corporate expenses	(2,532)	(2,644)	(5,647)	(5,814)
Interest expense, net	(5,344)	(5,918)	(10,276)	(12,071)
Income (loss) before taxes	\$(51,857)	\$ 3,044	\$(58,475)	\$ (6,370)

* Operating income (loss) for the thirteen and twenty-six weeks ended August 3, 1997, includes a \$57,000 non-recurring pre-tax charge, of which \$50,765 and \$6,235 relate to the Company's apparel and footwear businesses, respectively.

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

RESULTS OF OPERATIONS

In the second quarter of 1997, the Company recorded a non-recurring pre-tax charge of \$57 million related to a series of actions the Company will take to accelerate the execution of its ongoing strategy to build its core brands. See Notes to Condensed Consolidated Financial Statements.

The following statements of operations, segment data and discussion (where noted) segregate this non-recurring charge from the Company's ongoing operations.

	Statements of Operations (In thousands)			
	Thirteen Weeks Ended 8/3/97	Thirteen Weeks Ended 7/28/96	Twenty-Six Weeks Ended 8/3/97	Twenty-Six Weeks Ended 7/28/96
Net sales	\$313,458	\$313,807	\$599,383	\$587,467
Cost of goods sold (per page 3)	219,270	208,482	406,227	389,045
Non-recurring charge	(15,850)	-	(15,850)	-
Gross profit before non-recurring charge	110,038	105,325	209,006	198,422
SG&A expenses and non-recurring charge	140,701	96,363	241,355	192,721
Non-recurring charge	(41,150)	-	(41,150)	-
Selling, general and administrative expenses	99,551	96,363	200,205	192,721
Income before interest, taxes and non-recurring charge	10,487	8,962	8,801	5,701
Interest expense, net	5,344	5,918	10,276	12,071
Income tax expense (benefit)	1,628	918	(450)	(1,942)
Income (loss) from ongoing operations before non-recurring charge	3,515	2,126	(1,025)	(4,428)
Non-recurring charge, net of tax benefit	(36,800)	-	(36,800)	-
Net income (loss)	\$(33,285)	\$ 2,126	\$(37,825)	\$ (4,428)

	Segment Data (In thousands)			
	Thirteen Weeks Ended 8/3/97	Thirteen Weeks Ended 7/28/96	Twenty-Six Weeks Ended 8/3/97	Twenty-Six Weeks Ended 7/28/96
Net sales-apparel	\$227,179	\$223,227	\$441,605	\$423,425
Net sales-footwear	86,279	90,580	157,778	164,042
Total net sales	\$313,458	\$313,807	\$599,383	\$587,467
Operating income-apparel	\$ 6,330	\$ 3,491	\$ 4,950	\$ 1,185
Operating income-footwear	6,689	8,115	9,498	10,330
Total operating income	13,019	11,606	14,448	11,515
Corporate expenses	(2,532)	(2,644)	(5,647)	(5,814)
Interest expense, net	(5,344)	(5,918)	(10,276)	(12,071)
Income (loss) before taxes and non-recurring charge	\$ 5,143	\$ 3,044	\$ (1,475)	\$ (6,370)

Thirteen Weeks Ended August 3, 1997 Compared With Thirteen Weeks Ended July 28, 1996

APPAREL

Net sales of the Company's apparel segment in the second quarter increased to \$227.2 million in 1997 compared with \$223.2 million last year. Net sales of the Company's wholesale branded business increased 21% in the current year's second quarter compared with last year's second quarter, which more than offset the planned decrease in retail sales resulting from the Company's strategic initiative to close outlet stores.

Gross margin on apparel sales before the non-recurring charge was 32.7% in the second quarter of 1997 compared with 31.4% in last year's second quarter. In the second quarter, virtually all of the Company's branded apparel businesses showed gross margin improvement in 1997 compared with last year as product upgrades and brand development began to take hold. These initiatives have enabled the Company to command higher prices and take fewer markdowns. The only exception was in sales of golf apparel to pro shops, where significantly increased competition served to weaken gross margin percentages. The Company has moved to strengthen its competitive position in this channel with new and upgraded product and with an aggressive marketing campaign.

Selling, general and administrative expenses, before the non-recurring charge, as a percentage of apparel sales was 29.9% in the second quarter of both 1997 and 1996. These expense levels are expected to increase as a percentage of net sales, for the balance of the year, as the Company significantly increases its advertising expenditures in the second half of this year.

FOOTWEAR

Net sales of the Company's footwear segment in the second quarter were \$86.3 million in 1997 and \$90.6 million last year, a decrease of 4.7%. The decrease was due principally to weakness in seasonal merchandise, principally sandals, in the Company's wholesale branded business.

Gross margin on footwear sales before the non-recurring charge was 41.2% in the second quarter of 1997 compared with 38.5% in last year's second quarter. The improvement in gross margin began in the second half of 1996 as the impact of the Company's product upgrades and brand development began to take hold. These initiatives have enabled the Company to command higher prices and take fewer markdowns resulting in increased gross margin 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, before the non-recurring charge, as a percentage of footwear sales in the second quarter was 33.4% in 1997 and 29.5% in 1996. The increase is due primarily to additional brand investment in design. As in apparel, these expense levels are expected to increase as a percentage of net sales, for the balance of the year, as the Company significantly increases its advertising expenditures in the second half of this year.

INTEREST EXPENSE

Interest expense in the second quarter was \$5.3 million in 1997 compared with \$5.9 million last year. The decrease reflects lower average debt which results from lower working capital levels, principally inventory.

INCOME TAXES

Income tax was estimated at a rate of 35.8% in the second quarter of 1997 compared with 30.2% in last year's second quarter. 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 second quarter were \$2.5 million in 1997 compared with \$2.6 million in 1996.

Twenty-Six Weeks Ended August 3, 1997 Compared With Twenty-Six Weeks Ended July 28, 1996

APPAREL

Net sales of the Company's apparel segment in the first half were \$441.6 million in 1997, an increase of 4.3% from the prior year's \$423.4 million. Net sales of the Company's wholesale branded business increased 22% in the current year's first half compared with last year's first half, which more than offset the planned decrease in retail sales resulting from the Company's strategic initiative to close outlet stores.

Gross margin on apparel sales before the non-recurring charge was 32.8% in the first half of 1997 compared with 32.4% in last year's first half. In the first half, virtually all of the Company's branded apparel businesses showed gross margin improvement in 1997 compared with last year as product upgrades and brand development began to take hold. These initiatives have enabled the Company to command higher prices and take fewer markdowns. The only exception was in sales of golf apparel to pro shops, where significantly increased competition served to weaken gross margin percentages. The Company has moved to strengthen its competitive position in this channel with new and upgraded product and with an aggressive marketing campaign.

Selling, general and administrative expenses, before the non-recurring charge, as a percentage of apparel sales in the first half was 31.7% in 1997 and 32.1% in 1996. These expense levels are expected to increase as a percentage of net sales, for the balance of the year, as the Company significantly increases its advertising expenditures in the second half of this year.

FOOTWEAR

Net sales of the Company's footwear segment in the first half were \$157.8 million in 1997, compared with \$164.0 million last year. The reduction in net sales was due to the planned decrease in retail sales resulting from the Company's strategic initiative to close outlet stores and to weakness in seasonal merchandise, principally sandals, at the Company's wholesale branded business.

Gross margin on footwear sales before the non-recurring charge was 40.4% in the first half of 1997 compared with 37.3% in last year's first half. The improvement in gross margin began in the second half of 1996 as the impact of the Company's product upgrades and brand development began to take hold. These initiatives have enabled the Company to command higher prices and take fewer markdowns resulting in increased gross margin 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, before the non-recurring charge, as a percentage of footwear sales in the first half was 34.4% in 1997 and 31.0% in 1996. The increase is due principally to additional brand investment in design. As in apparel, these expense levels are expected to increase as a percentage of net sales, for the balance of the year, as the Company significantly increases its advertising expenditures in the second half of this year.

INTEREST EXPENSE

Interest expense in the first half was \$10.3 million in 1997 compared with \$12.1 million last year. The decrease reflects lower average debt which results from lower working capitals levels, principally inventory.

INCOME TAXES

Income tax was estimated at a rate of 35.3% in 1997 compared with last year's rate of 30.5%. 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 half were \$5.6 million in 1997 compared with \$5.8 million in 1996.

FACILITY AND STORE CLOSING AND RESTRUCTURING AND OTHER EXPENSES

On July 31, 1997, the Company announced that it would take a series of actions to accelerate the execution of its ongoing strategy to build its core brands. Included in these actions are the closing of approximately 150 additional outlet stores, repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe and Asia, exiting the sweater manufacturing business and restructuring warehousing and distribution facilities as well as other logistical and administrative areas in order to reduce costs and improve efficiencies. As a result, the Company recorded a non-recurring pre-tax charge of \$57 million (\$36.8 million after tax or \$1.36 per share) in the second quarter of 1997.

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; 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 fiscal 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 fiscal 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 half totalled \$64.7 million in 1997 and \$11.5 million last year. This increase is related to later than usual shipments in the latter part of 1995 which, in turn, created a significant increase in collections in the first half of 1996. This pattern did not repeat itself in 1996 and, as a result, collections in the first half of 1997 were significantly less than in the prior year's first half. Additionally, inventory growth in last year's first half was moderate compared to more seasonal trends, while this year's increase reflects more normalized growth. At the end of the current year's first half, inventory levels were slightly below last year's first half.

Capital spending in the first half was \$6.8 million in 1997 compared with \$10.6 million last year. The Company anticipates overall capital spending levels for 1997 to be flat compared with 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. Although total debt was \$23.1 million less than a year ago (\$296.6 million vs. \$319.7 million), the ratio of total debt to total capital was about flat (54.3% to 54.4%). This was due principally to the non-recurring charge taken in the second quarter of the current year. The cash impact of this charge will result in a net outflow of funds in the current year. This outflow should be offset next year by the positive cash flow benefits derived from the restructuring initiatives.

* * *

*
* 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 4 - SUBMISSION OF MATTERS TO A VOTE OF STOCKHOLDERS

The annual stockholders' meeting was held on June 17, 1997. There were present in person or by proxy, holders of 24,650,080 shares of Common Stock or 91% of all votes eligible for the meeting.

The following directors were elected to serve for a term of one year:

	For	Vote Withheld
Edward H. Cohen	23,777,415	872,665
Joseph B. Fuller	22,721,256	1,928,824
Joel H. Goldberg	23,761,414	888,666
Marc Grosman	23,640,498	1,009,582
Dennis F. Hightower	23,639,820	1,010,260
Bruce J. Klatsky	23,774,684	875,396
Maria Elena Lagomasino	23,772,047	878,033
Harry N.S. Lee	23,767,440	882,640
Bruce Maggin	23,767,440	882,640
Sylvia M. Rhone	23,776,675	873,405
Peter J. Solomon	23,635,710	1,014,370
Irwin W. Winter	23,777,425	872,655

Ratification of Like-Value Exchange of Certain Director's Stock Options was approved with a vote of 21,569,237 For and 2,846,414 Against.

The 1997 Stock Option Plan, which replaces the 1987 Stock Option Plan, which expired pursuant to its term on April 1, 1997, was adopted with a vote of 19,938,481 For and 1,884,482 Against.

Ernst & Young LLP were appointed to serve as the Company's independent auditors until the next stockholders' meeting. The vote was 24,465,585 For and 65,830 Against.

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 Sixth Amendment, dated as of July 3, 1997, to the Credit Agreement dated as of December 16, 1993.
- 4.13 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).
- 4.14 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).
- 4.15 Second Amendment Agreement, dated as of July 15, 1997, to the Note Agreement, dated as of October 1, 1992.
- 4.16 Indenture, dated as of November 1, 1993, between PVH and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (Reg. No. 33-50751) filed on October 26, 1993).
- 10.1 1987 Stock Option Plan, including all amendments through April 29, 1997 (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the period ended May 4, 1997).
- 10.2 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 Amendment to 1973 Employees' Stock Option Plan, effective as of April 29, 1997 (incorporated by reference to Exhibit 10.12 to the Company's report on Form 10-Q for the period ended May 4, 1997).

- 10.5 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).
- 10.6 Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to the Company's Report on Form 8-K filed on January 16, 1987).
- 10.7 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).
- 10.8 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).
- 10.9 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).
- 10.10 Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to Bruce J. Klatsky (incorporated by reference to Exhibit 10.13 to the Company's report on Form 10-Q for the period ended May 4, 1997).
- 10.11 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).
- 10.12 Phillips-Van Heusen Corporation Supplemental Savings Plan, effective as of January 1, 1991 and amended and restated as of April 29, 1997 (incorporated by reference to Exhibit 10.10 to the Company's report on Form 10-Q for the period ended May 4, 1997).
- 10.13 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).
- 10.14 Phillips-Van Heusen Corporation 1997 Stock Option Plan, effective as of April 29, 1997.

15. Acknowledgement of Independent Accountants.

27. Financial Data Schedule

(b) Reports on Form 8-K filed during the quarter ended August 3, 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

September 16, 1997

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

August 18, 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 reports dated August 18, 1997 and May 22, 1997 relating to the unaudited condensed consolidated interim financial statements of Phillips-Van Heusen Corporation that are included in its Forms 10-Q for the thirteen week periods ended August 3, 1997 and May 4, 1997.

Pursuant to Rule 436(c) of the Securities Act of 1933, our reports are 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

SIXTH AMENDMENT

SIXTH AMENDMENT, dated as of July 3, 1997 (this "Amendment"), among PHILLIPS-VAN HEUSEN CORPORATION (the "Borrower"), the financial institutions party to the Credit Agreement referred to below (the "Banks"), and BANKERS TRUST COMPANY, as agent (in such capacity, the "Agent") for the Banks. All capitalized terms used herein and not otherwise defined shall have the meanings specified in the Credit Agreement referred to below.

W I T N E S S E T H :

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

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

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

1. Section 10 of the Credit Agreement is hereby amended by (a) deleting the definition of "EBIT" in its entirety and (b) inserting the following new definition in appropriate alphabetical order:

"EBIT" shall mean, for any period, the sum of (i) Consolidated Net Income of the Borrower for such period, (ii) provisions for taxes based on income or profits to the extent such income or profits were included in computing Consolidated Net Income and (iii) consolidated interest expense (including amortization of original issue discount and non-cash interest payments or accruals and the interest component of capitalized lease

obligations), net of interest income theretofore deducted from earnings in computing Consolidated Net Income for such period; provided, however, that EBIT shall be determined without giving effect to the Borrower's \$55,000,000 pre-tax restructuring charge reflected in its financial statements for the fiscal quarter ending on or about July 31, 1997, or any subsequent reversal of all or part of such restructuring charge.

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

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

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

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

* * * * *

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

PHILLIPS-VAN HEUSEN CORPORATION

By
Title:

BANKERS TRUST COMPANY,
Individually, and as Agent

By
Title:

THE CHASE MANHATTAN BANK

By
Title:

CITIBANK, N.A.

By
Title:

THE BANK OF NEW YORK

By
Title:

CHEMICAL BANK

By
Title:

THE FIRST NATIONAL BANK OF BOSTON

By
Title:

CIBC, INC.

By
Title:

UNION BANK

By
Title:

PHILLIPS-VAN HEUSEN CORPORATION

SECOND AMENDMENT AGREEMENT
Dated as of July 15, 1997

to

NOTE AGREEMENTS
Dated as of October 1, 1992

Re: \$55,000,000 7.85% Series A Senior Notes
Due November 1, 2002
and
\$8,000,000 7.02% Series B Senior Notes
Due November 1, 1999
and
\$6,000,000 7.75% Series C Senior Notes
Due November 1, 2002

PHILLIPS-VAN HEUSEN CORPORATION
1290 Avenue of the Americas-11th Floor
New York, New York 10104

SECOND AMENDMENT AGREEMENT
TO
NOTE AGREEMENTS
DATED AS OF OCTOBER 1, 1992

Re: \$55,000,000 7.85% Series A Senior Notes
Due November 1, 2002
and
\$8,000,000 7.02% Series B Senior Notes
Due November 1, 1999
and
\$6,000,000 7.75% Series C Senior Notes
Due November 1, 2002

Dated as of
July 15, 1997

To the Holders as
defined hereinbelow

Ladies and Gentlemen:

Reference is made to the separate Note Agreements each dated as of October 1, 1992 (the "Outstanding Note Agreements") between Phillips-Van Heusen Corporation, a Delaware corporation (the "Company"), and each of the Purchasers named on Schedule I thereto (the "Purchasers") as amended pursuant to that certain First Amendment Agreement dated as of June 24, 1996, pursuant to which the Company issued and sold (i) \$55,000,000 original aggregate principal amount of its 7.85% Series A Senior Notes due November 1, 2002 (the "Series A Notes"), (ii) \$8,000,000 original aggregate principal amount of its 7.02% Series B Senior Notes due November 1, 1999 (the "Series B Notes") and (iii) \$6,000,000 original aggregate principal amount of its 7.75% Series C Senior Notes due November 1, 2002 (the "Series C Notes"). The Purchasers or transferees of such Purchasers are hereinafter collectively referred to as the "Holders." The Series A Notes, Series B Notes and Series C Notes

are hereinafter collectively referred to as the "Outstanding Notes."

The Company and the Holders now desire to amend the Outstanding Note Agreements in the respects, but only in the respects, hereinafter set forth.

Now, therefore, the Company and the Holders, in consideration of good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

SECTION 1. AMENDMENTS TO THE OUTSTANDING NOTE AGREEMENTS.

Section 1.1. Section 8.1 of the Outstanding Note Agreements shall be and is hereby amended as follows:

The definition of "Net Income Available for Interest Charges" is hereby amended to read in its entirety as follows:

"Net Income Available for Interest Charges" for any period shall mean the sum of (i) Consolidated Net Income during such period plus (to the extent deducted in determining Consolidated Net Income for such period), (ii) all provisions for any Federal, state or other income taxes made by the Company and its Restricted Subsidiaries during such period, (iii) the one-time restructuring reserve of \$55,000,000 taken in the second quarter of the fiscal year ended February 1, 1998 and (iv) Interest Charges of the Company and its Restricted Subsidiaries during such period.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Section 2.1. To induce the Holders to execute and deliver this Second Amendment Agreement (which representations shall survive the execution and delivery of this Second Amendment Agreement), the Company represents and warrants to the Holders, as true and correct as of the date of execution and delivery of this Second Amendment Agreement, that

(a) the Company and each Restricted Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of its respective jurisdiction of incorporation;

(b) this Second Amendment Agreement has been duly authorized, executed and delivered by it and this Second Amendment Agreement constitutes the legal, valid and binding obligation, contract and agreement of the Company enforceable against it in accordance with its terms;

(c) each of the Outstanding Note Agreements and the Outstanding Notes, as amended by this Second Amendment Agreement, constitute the legal, valid and binding obligations, contracts and agreements of the Company enforceable against it in accordance with their respective terms;

(d) the execution, delivery and performance by the Company of this Second Amendment Agreement (i) has been duly

authorized by all requisite corporate action and, if required, shareholder action, (ii) does not require the consent or approval of any governmental or regulatory body or agency, and (iii) will not (A) violate or cause a default under (1) any provision of law, statute, rule or regulation or its certificate of incorporation or bylaws, (2) any order of any court or any rule, regulation or order of any other agency or government binding upon it, or (3) any provision of any material indenture, agreement or other instrument to which it is a party or by which its properties or assets are or may be bound, or (B) result in a breach or constitute (alone or with due notice or lapse of time or both) a default under any indenture, agreement or other instrument referred to in clause (iii)(A)(3) of this Sec. 2.1(d);

(e) as of the date hereof after giving effect to this Second Amendment Agreement, no Default or Event of Default has occurred which is continuing; and

(f) no consents or approvals are necessary from any other holder of any Indebtedness of the Company to give effect to this Second Amendment Agreement.

SECTION 3. CONDITIONS PRECEDENT.

Section 3.1. This Second Amendment Agreement shall not become effective until, and shall become effective when, each and every one of the following conditions shall have been satisfied:

(a) executed counterparts of this Second Amendment Agreement, duly executed by the Company and the holders of at least 66-2/3% of the outstanding principal amount of the Outstanding Notes, shall have been delivered to the Holders;

(b) the representations and warranties of the Company set forth in Sec. 2 hereof are true and correct as of the date of execution and delivery of this Second Amendment Agreement; and

(c) the Company shall have paid the reasonable fees and expenses of Chapman and Cutler, counsel to the Holders, in connection with the negotiation, preparation, approval, execution and delivery of this Second Amendment Agreement as required by Sec. 9.4 of the Outstanding Note Agreements.

Upon receipt of all of the foregoing, this Second Amendment Agreement shall become effective.

SECTION 4. MISCELLANEOUS.

Section 4.1. This Second Amendment Agreement shall be construed in connection with and as part of each of the Outstanding Note Agreements, and all terms, conditions and covenants contained in each of the Outstanding Note Agreements shall be and remain in full force and effect.

Section 4.2. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Second Amendment Agreement may refer to the Outstanding Note Agreements without making specific reference to this Second Amendment Agreement but nevertheless all such references shall include this Second Amendment Agreement unless the context otherwise requires.

Section 4.3. The descriptive headings of the various Sections or parts of this Second Amendment Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

Section 4.4. This Second Amendment Agreement shall be governed by and construed in accordance with New York law.

Section 4.5. This Second Amendment Agreement shall be binding upon the Company, the Holders and their respective successors and assigns.

The execution hereof by you shall constitute a contract between us for the uses and purposes hereinabove set forth, and this Second Amendment Agreement to each of the Outstanding Note Agreements may be executed in any number of counterparts, each executed counterpart constituting an original, but all together only one agreement.

PHILLIPS-VAN HEUSEN CORPORATION

By
Its

The execution by each of the following Holders shall constitute its acceptance of the Second Amendment Agreement and its confirmation that it holds the Outstanding Notes set opposite its name as of the date of its execution and delivery hereof.

Accepted as of July 15, 1997:

OUTSTANDING NOTES

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES	\$8,571,428.57 Series A Notes \$6,857,142.86 Series A Notes \$6,000,000 Series B Notes \$6,000,000 Series C Notes
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By _____
Its

UNUM LIFE INSURANCE COMPANY OF AMERICA	\$17,142,857.15 Series A Notes
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By _____
Its

NATIONWIDE LIFE INSURANCE COMPANY	\$6,857,142.86 Series A Notes
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By _____
Its

EMPLOYERS LIFE INSURANCE COMPANY
OF WAUSAU

\$1,714,285.71 Series A Notes

By _____
Its

LUTHERAN BROTHERHOOD

\$6,000,000 Series A Notes

By _____
Its

1997 STOCK OPTION PLAN

1. Purpose.

The purposes of the 1997 Stock Option Plan (the "Plan") are to induce certain individuals to remain in the employ, or to continue to serve as directors, of Phillips-Van Heusen Corporation (the "Company") and its present and future subsidiary corporations (each a "Subsidiary"), as defined in Section 424(f) of the Internal Revenue Code of 1986, as amended (the "Code"), to attract new individuals to enter into such employment 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 29, 1997, subject to ratification by the stockholders of the Company.

3. Stock Subject to Plan.

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

4. Administration.

The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have complete authority, in its discretion, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the respective option agreements or certificates (which need not be identical),

to determine the individuals (each a "Participant") to whom and the times and the prices at which Options shall be granted, the periods during which each Option shall be exercisable, the number of shares of the Common Stock to be subject to each Option and whether such Option shall be an incentive stock option or a non-incentive stock option and to make all other determinations necessary or advisable for the administration of the Plan. In making such determinations, the Committee may take into account the nature of the services rendered by the respective individuals, their present and potential contributions to the success of the Company and the Subsidiaries and such other factors as the Committee in its discretion shall deem relevant. The Committee's determination 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 "non-employee directors" within the meaning of Rule 16b-3(b)(3) 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 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 or to a director of the Company or a Subsidiary who is not an employee of the Company or a Subsidiary.

7. Option Prices.

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

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

8. Option Term.

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

which is an incentive stock option is granted to him or her, the term with respect to such Option shall not be in excess of five years from the date of the granting thereof.

9. Limitations on Amount of Options Granted.

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

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

10. Exercise of Options.

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

(ii) during the period commencing on such fourth anniversary and ending on the day next preceding the fifth anniversary of the date of the granting of such Option, exercise such Option with respect to two-thirds of the shares granted thereby, and (iii) during the period commencing on such fifth anniversary, exercise such Option with respect to all of the shares granted thereby.

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

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

Act, the Committee may implement procedures to allow a broker chosen by a Participant to make payment of all or any portion of the option price payable upon the exercise of an Option and receive, on behalf of such Participant, all or any portion of the shares of the Common Stock issuable upon such exercise.

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

E. I. Notwithstanding the provisions of paragraph A of this Section 10, in the event that a Change in Control shall occur, then, each Option theretofore granted to any Participant which shall not have theretofore expired or otherwise been cancelled or become unexercisable shall become immediately exercisable in full. For the purposes of this paragraph E, a "Change in Control" shall be deemed to occur upon (a) the election of one or more individuals to the Board which election results in one-third of the directors of the Company consisting of individuals who have not been directors of the Company for at least two years, unless such individuals have been elected as directors or nominated for election by the stockholders as directors by 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.

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

of Section 401(k)(2) of the Code or an analogous provision of the Puerto Rico Code.

11. Transferability.

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

12. Termination of Employment.

In the event a Participant leaves the employ, or ceases to serve as a director, of the Company and the Subsidiaries, whether voluntarily or otherwise but other than by reason of his or her death or retirement, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent exercisable on the date of such termination of employment or service and not theretofore exercised, terminate upon the earlier to occur of the expiration of 30 days after the date of such Participant's termination of employment or cessation of service 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 or her which shall not have theretofore expired or otherwise been cancelled shall, to the extent not theretofore exercised, terminate forthwith. In the

event a Participant leaves the employ, or ceases to serve as a director, of the Company and the Subsidiaries by reason of his or her retirement, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three years after the date of such retirement and the date of termination specified in such Option. In the event a Participant's employment, or service as a director, with the Company and the Subsidiaries terminates by reason of his or her death, each Option theretofore granted to him or her which shall not have theretofore expired or otherwise been cancelled shall become immediately exercisable in full and shall, to the extent not theretofore exercised, terminate upon the earlier to occur of the expiration of three months after the date of the qualification of a representative of his or her estate and the date of termination specified in such Option. For purposes of the foregoing, (a) the term "cause" shall mean: (i) the commission by the Participant of any act or omission that would constitute a crime under federal, state or equivalent foreign law, (ii) the commission by the Participant of any act of moral turpitude, (iii) fraud, dishonesty or other acts or omissions that result in a breach of any fiduciary or other material duty to the Company and/or the Subsidiaries, or (iv) continued alcohol or other substance abuse that renders the

Participant incapable of performing his or her material duties to the satisfaction of the Company and/or the Subsidiaries and (b) the term "retirement" shall mean (i) the termination of a Participant's employment with the Company and all of the Subsidiaries (A) other than for cause or by reason of his or her death and (B) on or after the earlier to occur of (I) the first day of the calendar month in which his or her 65th birthday shall occur and (II) the date on which he or she shall have both attained his or her 55th birthday and completed 10 years of employment or service as a director with the Company and/or the Subsidiaries or (ii) the termination of a Participant's service as a director with the Company and all of the Subsidiaries (A) other than for cause or by reason of his or her death and (B) on or after the first day of the calendar month in which his or her 65th birthday shall occur.

13. Adjustment of Number of Shares.

In the event that a dividend shall be declared upon the Common Stock payable in shares of the Common Stock, the number of shares of the Common Stock then subject to any Option and the number of shares of the Common Stock reserved for issuance in accordance with the provisions of the Plan but not yet covered by an Option and the number of shares set forth in paragraph B of Section 9 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 paragraph B of Section 9 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 paragraph B of Section 9 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 or she is acquiring such shares for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution of any thereof. In the event of the death of a Participant, a condition of exercising any Option shall be the delivery to the Company of such tax waivers and other documents as the Committee shall determine. In the case of each non-incentive stock option, a condition of exercising the same shall be the entry by the person exercising the same into such arrangements with the Company with respect to withholding as the Committee may determine.

15. No Stockholder Status.

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

16. No Restrictions on Corporate Acts.

Neither the existence of the Plan nor any Option shall in any way affect the right or power of the Company or its

stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock or the rights thereof, or dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding whether of a similar character or otherwise.

17. No Employment Right.

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

18. Termination and Amendment of the Plan.

The Board may at any time terminate the Plan or make such modifications of the Plan as it shall deem advisable; provided, however, that the Board may not without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, increase the number of shares as to which Options may be granted under the Plan (as adjusted in accordance with the provisions of Section 13 hereof), or change the class of persons eligible to participate in the Plan, or change the manner of

determining the option prices. Except as otherwise provided in Section 13 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. The Committee may not, without further approval of the holders of a majority of the shares of the Common Stock present in person or by proxy at any special or annual meeting of the stockholders, amend any outstanding Option to reduce the option price, or cancel any outstanding Option and contemporaneously award a new Option to the same optionee for substantially the same number of shares at a lower option price.

19. Expiration and Termination of the Plan.

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

20. Options for Outside Directors.

A. A director of the Company who is not an employee of the Company or a Subsidiary (an "Outside Director") shall be eligible

to receive, in addition to any other Option which he or she may receive pursuant to Section 7 hereof, an annual Option. Except as otherwise provided in this Section 20, each such Option shall be subject to all of the terms and conditions of the Plan.

B. I. At the first meeting of the Board immediately following each Annual Meeting of the Stockholders of the Company, each Outside Director shall be granted an Option, which shall be a non-incentive stock option, to purchase 4,000 shares of the Common Stock.

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

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

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

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

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE PHILLIPS-VAN HEUSEN CORPORATION FINANCIAL STATEMENTS INCLUDED IN ITS 10-Q REPORT FOR THE QUARTER ENDED AUGUST 3, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS	FEB-01-1998	
	AUG-03-1997	
		\$ 14,474
		0
		86,617
		(3,712)
		322,166
	449,023	130,208
		0
	747,053	
210,193		209,401
	0	0
		27,088
		222,463
747,053		599,383
	599,383	406,227
		406,227
	241,355	
		0
	10,276	
	(58,475)	
	20,650	
(37,825)		0
		0
		0
	(37,825)	
	(1.40)	
	(1.40)	

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