UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 10-Q

(Mark One)

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

For the quarterly period ended August 4, 2013

OR

o 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 001-07572

PVH CORP.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 13-1166910 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 200 Madison Avenue, New York, New York | 10016 |
| (Address of principal executive offices) | (Zip Code) |

(212) 381-3500

(Registrant’s telephone number, including area code)

Indicate by check mark whether the 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 the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o (do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of outstanding shares of common stock, par value $1.00 per share, of the registrant as of September 3, 2013 was 81,572,863.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Quarterly Report on Form 10-Q including, without limitation, statements relating to our future revenue and cash flows, plans, strategies, objectives, expectations and intentions are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not be anticipated, including, without limitation, the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) in connection with the acquisition of The Warnaco Group, Inc. ("Warnaco"), we borrowed significant amounts, may be considered to be highly leveraged, and will have to use a significant portion of our cash flows to service such indebtedness, as a result of which we might not have sufficient funds to operate our businesses in the manner we intend or have operated in the past; (iii) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores, the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositionings of brands by our licensors and other factors; (iv) our plans and results of operations will be affected by our ability to manage our growth and inventory, including our ability to realize benefits from Warnaco; (v) our operations and results could be affected by quota restrictions and the imposition of safeguard controls (which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and technical expertise needed), the availability and cost of raw materials, our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced), changes in available factory and shipping capacity, wage and shipping cost escalation, and civil conflict, war or terrorist acts, the threat of any of the foregoing, or political and labor instability in any of the countries where our or our licensees' or other business partners' products are sold, produced or are planned to be sold or produced; (vi) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas, as well as reduced consumer traffic and purchasing, as consumers become ill or limit or cease shopping in order to avoid exposure; (vii) acquisitions and issues arising with acquisitions and proposed transactions, including, without limitation, the ability to integrate an acquired entity, such as Warnaco, into us with no substantial adverse effect on the acquired entity's or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance; (viii) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; and (ix) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

We do not undertake any obligation to update publicly any forward-looking statement, including, without limitation, any estimate regarding revenue or cash flows, whether as a result of the receipt of new information, future events or otherwise.

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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

PVH Corp.
Consolidated Income Statements
Unaudited
(In thousands, except per share data)

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | August 4, 2013 | July 29, 2012 | August 4, 2013 | July 29, 2012 |
| Net sales | $ 1,884,439 | $ 1,219,620 | $ 3,707,484 | $ 2,532,469 |
| Royalty revenue | 62,561 | 82,513 | 129,628 | 167,973 |
| Advertising and other revenue | 17,847 | 34,490 | 37,895 | 63,587 |
| Total revenue | 1,964,847 | 1,336,623 | 3,875,007 | 2,764,029 |
| Cost of goods sold | 938,759 | 593,962 | 1,897,058 | 1,264,539 |
| Gross profit | 1,026,088 | 742,661 | 1,977,949 | 1,499,490 |
| Selling, general and administrative expenses | 953,468 | 589,333 | 1,860,476 | 1,192,004 |
| Debt modification and extinguishment costs | — | — | 40,395 | — |
| Equity in income (loss) of unconsolidated affiliates, net | 813 | (74) | 3,140 | 1,850 |
| Income before interest and taxes | 73,433 | 153,254 | 80,218 | 309,336 |
| Interest expense | 49,495 | 28,552 | 97,439 | 58,069 |
| Interest income | 2,116 | 197 | 4,111 | 470 |
| Income (loss) before taxes | 26,054 | 124,899 | (13,110) | 251,737 |
| Income tax expense | 41,963 | 34,981 | 22,812 | 66,343 |
| Net (loss) income | $ (15,909) | $ 89,918 | $ (35,922) | $ 185,394 |
| Less: Net income attributable to redeemable non-controlling interest | 87 | — | 126 | — |
| Net (loss) income attributable to PVH Corp. | $ (15,996) | $ 89,918 | $ (36,048) | $ 185,394 |
| Basic net (loss) income per common share attributable to PVH Corp. | $ (0.20) | $ 1.24 | $ (0.45) | $ 2.57 |
| Diluted net (loss) income per common share attributable to PVH Corp. | $ (0.20) | $ 1.22 | $ (0.45) | $ 2.52 |
| Dividends declared per common share | $ 0.0375 | $ 0.0000 | $ 0.1125 | $ 0.0750 |

See accompanying notes.

PVH Corp.
Consolidated Statements of Comprehensive (Loss) Income
Unaudited
(In thousands)

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | August 4, 2013 | July 29, 2012 | August 4, 2013 | July 29, 2012 |
| Net (loss) income | $ (15,909) | $ 89,918 | $ (35,922) | $ 185,394 |
| Other comprehensive (loss) income: | | | | |
| Foreign currency translation adjustments, net of tax expense (benefit) of $107; $(690); $(330) and $(453) | (45,713) | (150,188) | (150,770) | (133,187) |
| Amortization of prior service credit related to pension and postretirement plans, net of tax (benefit) of $(84); $(84); $(168) and $(168) | (135) | (135) | (271) | (271) |
| Net unrealized and realized gain on effective hedges, net of tax expense (benefit) of $482; $(625); $(754) and $364 | 1,656 | 6,346 | 9,514 | 2,099 |
| Comprehensive (loss) income | (60,101) | (54,059) | (177,449) | 54,035 |
| Less: Comprehensive loss attributable to redeemable non-controlling interest | (1,771) | — | (1,625) | — |
| Total comprehensive (loss) income attributable to PVH Corp. | $ (58,330) | $ (54,059) | $ (175,824) | $ 54,035 |

See accompanying notes.

PVH Corp.
Consolidated Balance Sheets
(In thousands, except share and per share data)

| | August 4, 2013 | February 3, 2013 | July 29, 2012 |
|---|---|---|---|
| | UNAUDITED | AUDITED | UNAUDITED |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | $ 628,920 | $ 892,209 | $ 261,986 |
| Trade receivables, net of allowances for doubtful accounts of $22,121, $16,114 and $13,955 | 712,057 | 418,251 | 411,381 |
| Other receivables | 44,212 | 23,073 | 14,284 |
| Inventories, net | 1,348,598 | 878,415 | 909,447 |
| Prepaid expenses | 233,659 | 157,802 | 117,826 |
| Other, including deferred taxes of $88,189, $38,310 and $53,150 | 113,199 | 67,256 | 105,014 |
| Total Current Assets | 3,080,645 | 2,437,006 | 1,819,938 |
| Property, Plant and Equipment, net | 693,857 | 561,335 | 484,443 |
| Goodwill | 3,368,002 | 1,958,887 | 1,777,724 |
| Tradenames | 2,975,764 | 2,413,809 | 2,332,811 |
| Perpetual License Rights | 206,336 | — | — |
| Other Intangibles, net | 850,218 | 167,196 | 150,932 |
| Other Assets, including deferred taxes of $114,320, $61,465 and $5,315 | 339,924 | 243,316 | 165,640 |
| Total Assets | $ 11,514,746 | $ 7,781,549 | $ 6,731,488 |
| LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities: | | | |
| Accounts payable | $ 552,221 | $ 377,231 | $ 372,531 |
| Accrued expenses, including deferred taxes of $3,329, $0 and $0 | 755,326 | 646,130 | 554,078 |
| Deferred revenue | 29,208 | 40,239 | 41,972 |
| Short-term borrowings | 3,447 | 10,847 | 52,791 |
| Current portion of long-term debt | 85,000 | 88,000 | 88,021 |
| Total Current Liabilities | 1,425,202 | 1,162,447 | 1,109,393 |
| Long-Term Debt | 4,195,151 | 2,211,642 | 1,715,464 |
| Other Liabilities, including deferred taxes of $1,126,386, $589,796 and $501,858 | 1,841,033 | 1,154,891 | 1,125,803 |
| Redeemable Non-Controlling Interest | 5,600 | — | — |
| Stockholders' Equity: | | | |
| Preferred stock, par value $100 per share; 150,000 total shares authorized | — | — | — |
| Series A convertible preferred stock, par value $100 per share; 0, 8,000 and 8,000 total shares authorized; 0, 0 and 4,000 shares issued and outstanding (with total liquidation preference of $0, $0 and $100,000) | — | — | 94,298 |
| Common stock, par value $1 per share; 240,000,000 shares authorized; 82,052,537; 73,324,491 and 70,951,932 shares issued | 82,053 | 73,324 | 70,952 |
| Additional paid in capital - common stock | 2,623,659 | 1,623,693 | 1,500,032 |
| Retained earnings | 1,398,797 | 1,445,673 | 1,202,722 |
| Accumulated other comprehensive income (loss) | 106 | 139,882 | (57,524) |
| Less: 478,934; 413,596 and 409,440 shares of common stock held in treasury, at cost | (56,855) | (30,003) | (29,652) |
| Total Stockholders' Equity | 4,047,760 | 3,252,569 | 2,780,828 |
| Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity | $ 11,514,746 | $ 7,781,549 | $ 6,731,488 |

See accompanying notes.

PVH Corp.
Consolidated Statements of Cash Flows
Unaudited
(In thousands)

| | Twenty-Six Weeks Ended | |
|---|---|---|
| | August 4, 2013 | July 29, 2012 |
| OPERATING ACTIVITIES | | |
| Net (loss) income | $ (35,922) | $ 185,394 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Depreciation and amortization | 205,348 | 67,792 |
| Equity in income of unconsolidated affiliates, net | (3,140) | (1,850) |
| Deferred taxes | (23,697) | 15,906 |
| Stock-based compensation expense | 34,478 | 18,891 |
| Debt modification and extinguishment costs | 40,395 | — |
| Changes in operating assets and liabilities: | | |
| Trade receivables, net | (14,276) | 46,095 |
| Inventories, net | (34,010) | (117,028) |
| Accounts payable, accrued expenses and deferred revenue | (145,871) | 39,893 |
| Prepaid expenses | (28,923) | (8,590) |
| Employer pension contributions | (30,000) | (7,489) |
| Other, net | 97,659 | (31,716) |
| Net cash provided by operating activities | 62,041 | 207,298 |
| INVESTING ACTIVITIES[1] | | |
| Business acquisitions, net of cash acquired | (1,815,329) | — |
| Purchase of property, plant and equipment | (105,571) | (81,685) |
| Contingent purchase price payments | (26,734) | (25,749) |
| Net cash used by investing activities | (1,947,634) | (107,434) |
| FINANCING ACTIVITIES[1] | | |
| Net proceeds from revolving credit facilities | 346 | 40,000 |
| Net payments on short-term borrowings | (34,673) | (249) |
| Repayment of old credit facilities | (900,000) | (89,680) |
| Repayment of new credit facilities | (181,688) | — |
| Repayment of Warnaco’s previously outstanding debt | (197,000) | — |
| Net proceeds from credit facilities | 2,993,430 | — |
| Payment of fees associated with issuance of senior notes | (16,257) | — |
| Net proceeds from settlement of awards under stock plans | 24,256 | 4,377 |
| Excess tax benefits from awards under stock plans | 15,091 | 7,082 |
| Cash dividends | (9,203) | (5,490) |
| Acquisition of treasury shares | (57,121) | (13,633) |
| Payments of capital lease obligations | (4,655) | (5,664) |
| Net cash provided (used) by financing activities | 1,632,526 | (63,257) |
| Effect of exchange rate changes on cash and cash equivalents | (10,222) | (7,818) |
| (Decrease) increase in cash and cash equivalents | (263,289) | 28,789 |
| Cash and cash equivalents at beginning of period | 892,209 | 233,197 |
| Cash and cash equivalents at end of period | $ 628,920 | $ 261,986 |

[1] See Note 17 for information on noncash investing and financing transactions.

See accompanying notes.

(Currency and share amounts in thousands, except per share data)

1. GENERAL

PVH Corp. and its consolidated subsidiaries (collectively, the "Company") constitute a global apparel company whose brand portfolio consists of nationally and internationally recognized brand names, including *Calvin Klein*, *Tommy Hilfiger*, *Van Heusen*, *IZOD*, *ARROW*, *Bass*, *Warner's* and *Olga*, which are owned, and *Speedo*, which is licensed, as well as various other owned, licensed and private label brands. The Company designs and markets branded dress shirts, neckwear, sportswear, swim products, intimates and, to a lesser extent, footwear and other related products and licenses its owned brands over a broad range of products. References to the aforementioned and other brand names are to registered trademarks owned by the Company or licensed to the Company by third parties and are identified by italicizing the brand name.

The consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation. Investments in entities that the Company does not control but has the ability to exercise significant influence over are accounted for using the equity method of accounting. Please see Note 4, "Investments in Unconsolidated Affiliates," for a further discussion. The Company's Consolidated Income Statements include its proportionate share of the net income or loss of these entities. As a result of the acquisition of The Warnaco Group, Inc. ("Warnaco"), the Company owns a majority interest in a joint venture in India that is consolidated and accounted for as a redeemable non-controlling interest. Please see Note 5, "Redeemable Non-Controlling Interest," for a further discussion. The redeemable non-controlling interest represents the minority shareholders' proportionate share (49%) of the equity in the Company's consolidated subsidiary.

The Company's fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1 and are designated by the calendar year in which the fiscal year commences. References to a year are to the Company's fiscal year, unless the context requires otherwise.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not contain all disclosures required by accounting principles generally accepted in the United States for complete financial statements. Reference should be made to the audited consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended February 3, 2013.

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

The results of operations for the thirteen and twenty-six weeks ended August 4, 2013 and July 29, 2012 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.

Certain reclassifications have been made to the consolidated financial statements and the notes thereto for the prior year periods to present that information on a basis consistent with the current year. Please see Note 6, "Goodwill and Other Intangible Assets," Note 7, "Retirement and Benefit Plans," and Note 18, "Segment Data," for discussions of changes in accounting and/or reporting related to these areas.

2. INVENTORIES

Inventories are comprised principally of finished goods and are stated at the lower of cost or market.

3. ACQUISITIONS

Acquisition of Warnaco

The Company acquired on February 13, 2013 all of the outstanding equity interests in Warnaco. The results of Warnaco's operations since that date have been included in the Company's consolidated financial statements. Warnaco designs, sources, markets and distributes a broad line of intimate apparel, sportswear and swim products worldwide. Warnaco's products are sold under the *Calvin Klein*, *Speedo*, *Warner's* and *Olga* brand names and were also previously sold under the *Chaps* brand name. Ralph Lauren Corporation reacquired the *Chaps* license effective contemporaneously with the Company's acquisition of Warnaco.

The Warnaco acquisition provided the Company with direct global control of the *Calvin Klein* brand image and commercial decisions for the two largest *Calvin Klein* apparel categories—jeanswear and underwear. In addition, the Company believes the acquisition takes advantage of its and Warnaco's complementary geographic platforms. Warnaco's operations in Asia and Latin America should enhance the Company's opportunities in those high-growth regions, and the Company will have the ability to leverage its expertise and infrastructure in North America and Europe to enhance the growth and profitability of the Calvin Klein jeanswear and underwear businesses in those regions.

*Fair Value of the Acquisition Consideration*

The acquisition date fair value of the acquisition consideration paid at closing totaled $3,137,056, which consisted of the following:

| | | |
|---|---|---|
| Cash | $ | 2,179,980 |
| Common stock (7,674 shares, par value $1.00 per share) | | 926,452 |
| Warnaco employee replacement stock awards | | 39,752 |
| Elimination of pre-acquisition liability to Warnaco | | (9,128) |
| Total fair value of the acquisition consideration | $ | 3,137,056 |

The fair value of the 7,674 common shares issued was equal to the aggregate value of the shares at the closing market price of the Company's common stock on February 12, 2013, the day prior to the closing. The value of the replacement stock awards was determined by multiplying the estimated fair value of the Warnaco awards outstanding at the time of the acquisition, reduced by an estimated value of awards to be forfeited, by the proportionate amount of the vesting period that had lapsed as of the acquisition date. Also included in the acquisition consideration was the elimination of a $9,128 pre-acquisition liability to Warnaco.

The Company funded the cash portion and related costs of the Warnaco acquisition, repaid all outstanding borrowings under its previously outstanding senior secured credit facilities and repaid all of Warnaco's previously outstanding long-term debt with the net proceeds of (i) the issuance of $700,000 of 4 1/2% senior notes due 2022; and (ii) the borrowing of $3,075,000 of term loans under new senior secured credit facilities.

Please see Note 6, "Goodwill and Other Intangible Assets," Note 8, "Debt," Note 12, "Stock-Based Compensation," and Note 14, "Stockholders' Equity," for a further discussion of these aspects of the acquisition.

The Company incurred certain pre-tax costs directly associated with the acquisition, including short-lived non-cash valuation adjustments and amortization, totaling approximately $185,000, of which approximately $43,000 was recorded in fiscal 2012 and approximately $142,000 was recorded during the twenty-six weeks ended August 4, 2013. Please see Note 15, "Activity Exit Costs," for a discussion of restructuring costs incurred during the twenty-six weeks ended August 4, 2013 associated with the acquisition.

The operations acquired with Warnaco had total revenue of $1,027,878 and a net loss, after non-cash valuation adjustments and amortization and integration costs, of $(62,727) for the period from the date of acquisition through August 4, 2013. These amounts are included in the Company's results of operations for the twenty-six week period then ended.

*Pro Forma Impact of the Transaction*

The following table presents the Company's pro forma consolidated results of operations for the thirteen and twenty-six weeks ended August 4, 2013 and July 29, 2012, as if the acquisition and the related financing transactions had occurred on January 30, 2012 (the first day of its fiscal year ended February 3, 2013) instead of on February 13, 2013. The pro forma results were calculated applying the Company's accounting policies and reflect (i) the impact on revenue, cost of goods sold and selling, general and administrative expenses resulting from the elimination of intercompany transactions; (ii) the impact on depreciation and amortization expense based on fair value adjustments to Warnaco's property, plant and equipment and intangible assets recorded in connection with the acquisition; (iii) the impact on interest expense resulting from changes to the Company's capital structure in connection with the acquisition; (iv) the impact on cost of goods sold resulting from acquisition date adjustments to the fair value of inventory; (v) the elimination of transaction costs related to the acquisition that were included in the Company's results of operations for the thirteen and twenty-six weeks ended August 4, 2013; and (vi) the tax effects of the above adjustments. The pro forma results do not include any anticipated cost synergies or other effects of the planned integration of Warnaco. Accordingly, such pro forma amounts are not indicative of the results that actually would have occurred had the acquisition been completed on January 30, 2012, nor are they indicative of the future operating results of the combined company.

| | Pro Forma Thirteen Weeks Ended | | Pro Forma Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Total revenue | $ 1,964,847 | $ 1,803,015 | $ 3,938,037 | $ 3,743,839 |
| Net income attributable to PVH Corp. | 74,545 | 39,616 | 149,948 | 80,417 |

*Allocation of the Acquisition Consideration*

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| | |
|---|---|
| Cash and cash equivalents | $ 364,651 |
| Trade receivables | 290,964 |
| Other receivables | 47,011 |
| Inventories | 452,841 |
| Prepaid expenses | 39,979 |
| Other current assets | 60,626 |
| Property, plant and equipment | 131,357 |
| Goodwill | 1,451,479 |
| Tradenames | 604,600 |
| Perpetual license rights | 206,900 |
| Other intangibles | 824,800 |
| Other assets | 144,058 |
| Total assets acquired | 4,619,266 |
| Accounts payable | 179,931 |
| Accrued expenses | 262,432 |
| Short-term borrowings | 26,927 |
| Current portion of long-term debt | 2,000 |
| Long-term debt | 195,000 |
| Other liabilities | 810,320 |
| Total liabilities assumed | 1,476,610 |
| Redeemable non-controlling interest | 5,600 |
| Total fair value of acquisition consideration | $ 3,137,056 |

The Company is still in the process of valuing the assets acquired and liabilities assumed; thus, the allocation of the acquisition consideration is subject to change.

In connection with the acquisition, the Company recorded goodwill of $1,451,479, which was assigned to the Company's Calvin Klein North America, Calvin Klein International and Heritage Brands Wholesale segments in the amounts of $443,419, $878,786 and $129,274, respectively. None of the goodwill is expected to be deductible for tax purposes. The Company also recorded other intangible assets of $1,636,300, which included reacquired license rights of $578,000, order backlog of $97,000 and customer relationships of $149,800, which are all amortizable, as well as tradenames of $604,600 and perpetual license rights of $206,900, which have indefinite lives.

4. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

Brazil

In 2012, the Company formed a joint venture, Tommy Hilfiger do Brasil S.A., in Brazil, in which the Company owns a 40% economic interest. The joint venture holds an exclusive license for the *Tommy Hilfiger* brand in Brazil that became effective on January 4, 2013. This investment is being accounted for under the equity method of accounting.

China

In 2011, the Company formed a joint venture, TH Asia Ltd., in China, in which the Company owns a 45% economic interest. The joint venture assumed direct control of the Tommy Hilfiger wholesale and retail distribution businesses in China from the prior licensee on August 1, 2011. This investment is being accounted for under the equity method of accounting.

India

In 2011, the Company completed an acquisition of a 50% economic interest in a company that has since been renamed Tommy Hilfiger Arvind Fashion Private Limited ("TH India"). TH India is the direct licensee of the *Tommy Hilfiger* trademarks in India for all categories (other than fragrance), operates a wholesale apparel, footwear and handbags business in connection with its license, and sublicenses the trademarks for certain other product categories. This investment is being accounted for under the equity method of accounting.

Included in other assets in the Company's Consolidated Balance Sheets as of August 4, 2013, February 3, 2013 and July 29, 2012 is $62,822, $62,021 and $46,880, respectively, related to these investments in unconsolidated affiliates.

5. REDEEMABLE NON-CONTROLLING INTEREST

As a result of the acquisition of Warnaco, the Company owns a 51% interest in a joint venture in India, Premium Garments Wholesale Trading Private Limited ("CK India"), that is consolidated in the Company's financial statements.

The Shareholders Agreement entered into by the parties to the joint venture (the "Shareholders Agreement") contains a put option under which the non-controlling shareholders can require the Company to purchase all or a portion of their shares in the joint venture (i) at any date with respect to one of the non-controlling shareholders, who holds a 24% ownership, and (ii) after July 8, 2015, or at any date if the Company commits a material breach, as defined in the Shareholders Agreement, that is not cured, or becomes insolvent, with respect to the other non-controlling shareholder, who holds a 25% ownership. The put price is the fair market value of the shares on the redemption date based upon a multiple of the joint venture's earnings before interest, taxes, depreciation and amortization for the prior 12 months, less the joint venture's net debt and any amounts owed to the Company by the non-controlling shareholders.

The Shareholders Agreement also contains a call option, under which the Company can require any of the non-controlling shareholders to sell their shares to the Company (i) at any date in the event that any non-controlling shareholder commits a material breach, as defined in the Shareholders Agreement, under any of the agreements related to the joint venture, that is not cured; or (ii) at any date after July 8, 2015. The call price is determined by the same method as the put price (as described above). During the quarter ended August 4, 2013, the Company gave notice to the non-controlling shareholders that it was exercising the call option due to a continuing material breach by the non-controlling shareholders. The sale of the non-controlling interests has not yet been consummated.

The fair value of the non-controlling interest as of the date of the Warnaco acquisition was estimated to be $5,600, which is subject to change pending the finalization of the valuation of the acquisition consideration allocation. Subsequent changes in the fair value of the redeemable non-controlling interest are recognized immediately as they occur, since a portion of the non-controlling interest is currently redeemable and it is probable that the other portion will become redeemable in the future based on the passage of time. The carrying amount of the redeemable non-controlling interest is adjusted to equal the fair value at the end of each reporting period, provided that this amount at the end of each reporting period cannot be lower than the initial fair value. Any fair value adjustment to the carrying amount is determined after attribution of net income and other comprehensive income of the non-controlling interest. After initial measurement, the attribution of any net losses of the non-controlling interest cannot exceed the amount of any increase in fair value above the initial fair value. Any fair value adjustment to the carrying amount of the redeemable non-controlling interest will be recognized immediately in retained earnings of the Company. After adjusting the carrying amount for net income and other comprehensive income during the twenty-six weeks ended August 4, 2013, an adjustment to retained earnings of $1,625 was necessary to increase the fair value of the redeemable non-controlling interest, as of August 4, 2013, to the initial fair value of $5,600.

## 6. GOODWILL AND OTHER INTANGIBLE ASSETS

The acquisition of Warnaco has significantly impacted the way the Company and its chief operating decision maker manage and analyze the Company's operating results. As such, the Company has changed its reportable segments. Please see Note 18, "Segment Data," for a further discussion. This change in segments resulted in a reallocation of goodwill amongst some of the Company's reportable segments. Prior period data has been retrospectively adjusted to reflect this reallocation.

The changes in the carrying amount of goodwill for the twenty-six weeks ended August 4, 2013, by segment, were as follows:

| | Calvin Klein North America | Calvin Klein International | Tommy Hilfiger North America | Tommy Hilfiger International | Heritage Brands Wholesale | Total |
|---|---|---|---|---|---|---|
| Balance as of February 3, 2013 | | | | | | |
| Goodwill, gross | $ 207,083 | $ 201,542 | $ 198,501 | $ 1,196,619 | $ 155,142 | $ 1,958,887 |
| Accumulated impairment losses | — | — | — | — | — | — |
| Goodwill, net | 207,083 | 201,542 | 198,501 | 1,196,619 | 155,142 | 1,958,887 |
| Contingent purchase price payments to Mr. Calvin Klein | 13,406 | 9,316 | — | — | — | 22,722 |
| Goodwill from acquisition of Warnaco | 443,419 | 878,786 | — | — | 129,274 | 1,451,479 |
| Currency translation | (1,930) | (23,954) | — | (38,715) | (487) | (65,086) |
| Balance as of August 4, 2013 | | | | | | |
| Goodwill, gross | 661,978 | 1,065,690 | 198,501 | 1,157,904 | 283,929 | 3,368,002 |
| Accumulated impairment losses | — | — | — | — | — | — |
| Goodwill, net | $ 661,978 | $ 1,065,690 | $ 198,501 | $ 1,157,904 | $ 283,929 | $ 3,368,002 |

The Company is required to make contingent purchase price payments to Mr. Calvin Klein in connection with the Company's acquisition in 2003 of all of the issued and outstanding stock of Calvin Klein, Inc. and certain affiliated companies (collectively, "Calvin Klein"). Such payments are based on 1.15% of total worldwide net sales, as defined in the acquisition agreement (as amended), of products bearing any of the *Calvin Klein* brands and are required to be made with respect to sales made through February 12, 2018. A significant portion of the sales on which the payments to Mr. Klein are made are wholesale sales by the Company and its licensees and other partners to retailers.

The Company's intangible assets consisted of the following:

| | 8/4/13 | | | 2/3/13 | | | 7/29/12 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net | Gross Carrying Amount | Accumulated Amortization | Net | Gross Carrying Amount | Accumulated Amortization | Net |
| Intangible assets subject to amortization: | | | | | | | | | |
| Customer relationships[1] | $ 333,064 | $ (54,411) | $ 278,653 | $ 190,383 | $ (41,158) | $ 149,225 | $ 171,583 | $ (35,213) | $ 136,370 |
| Covenants not to compete | 2,220 | (2,220) | — | 2,220 | (2,220) | — | 2,220 | (2,190) | 30 |
| Order backlog[1] | 128,196 | (122,504) | 5,692 | 32,287 | (32,287) | — | 32,287 | (32,287) | — |
| Reacquired license rights[1] | 566,160 | (12,904) | 553,256 | 8,565 | (3,636) | 4,929 | 5,921 | (3,163) | 2,758 |
| Total intangible assets subject to amortization | 1,029,640 | (192,039) | 837,601 | 233,455 | (79,301) | 154,154 | 212,011 | (72,853) | 139,158 |
| Intangible assets not subject to amortization: | | | | | | | | | |
| Tradenames[1] | 2,975,764 | — | 2,975,764 | 2,413,809 | — | 2,413,809 | 2,332,811 | — | 2,332,811 |
| Perpetual license rights[1] | 206,336 | — | 206,336 | — | — | — | — | — | — |
| Reacquired perpetual license rights | 12,617 | — | 12,617 | 13,042 | — | 13,042 | 11,774 | — | 11,774 |
| Total intangible assets not subject to amortization | 3,194,717 | — | 3,194,717 | 2,426,851 | — | 2,426,851 | 2,344,585 | — | 2,344,585 |
| Total intangible assets | $ 4,224,357 | $ (192,039) | $ 4,032,318 | $ 2,660,306 | $ (79,301) | $ 2,581,005 | $ 2,556,596 | $ (72,853) | $ 2,483,743 |

[1] Change from February 3, 2013 to August 4, 2013 primarily relates to intangible assets recorded in connection with the acquisition of Warnaco. The acquired customer relationships are amortized principally over 10 years, order backlog is amortized principally over 6 months and reacquired license rights are amortized principally over 33 years from the date of the acquisition. As of August 4, 2013, the weighted average life of the amortizable intangible assets recorded in connection with the acquisition of Warnaco was 27.7 years.

Amortization expense related to the Company's amortizable intangible assets was $112,738 and $6,454 for the twenty-six weeks ended August 4, 2013 and July 29, 2012, respectively.

Amortization expense, a portion of which is subject to exchange rate fluctuation, for the remainder of 2013 and the next five years thereafter related to the Company's intangible assets as of August 4, 2013 is expected to be as follows:

| Fiscal Year | Amount |
|---|---|
| Remainder of 2013 | $ 28,951 |
| 2014 | 44,823 |
| 2015 | 44,482 |
| 2016 | 44,482 |
| 2017 | 44,482 |
| 2018 | 44,482 |

## 7. RETIREMENT AND BENEFIT PLANS

The Company has six noncontributory defined benefit pension plans (including a plan acquired as part of the Warnaco acquisition, which is frozen) covering substantially all employees resident in the United States who meet certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service. The Company refers to these six plans as its "Pension Plans."

The Company also has for certain members of Tommy Hilfiger's domestic senior management a supplemental executive retirement plan, which is an unfunded non-qualified supplemental defined benefit pension plan. Such plan is frozen and, as a result, participants do not accrue additional benefits. In addition, the Company has a capital accumulation program, which is an unfunded non-qualified supplemental defined benefit plan, covering two current and 15 retired executives as of August 4, 2013.

Under the individual participants' agreements, the participants in this plan will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the plan for at least 10 years and has attained age 55. The Company also has for certain employees resident in the United States who meet certain age and service requirements an unfunded non-qualified supplemental defined benefit pension plan, which provides benefits for compensation in excess of Internal Revenue Service earnings limits and requires payments to vested employees upon, or shortly after, employment termination or retirement. The Company refers to these three plans as its "SERP Plans."

The Company also provides certain postretirement health care and life insurance benefits to certain retirees resident in the United States. Retirees contribute to the cost of this plan, which is unfunded. During 2002, the postretirement plan was amended to eliminate the Company contribution, which partially subsidized benefits, for active participants who, as of January 1, 2003, had not attained age 55 and 10 years of service. As a result of the Company's acquisition of Warnaco, the Company also provides certain postretirement health care and life insurance benefits to certain Warnaco retirees resident in the United States. Retirees contribute to the cost of this plan, which is unfunded. The Company refers to these two plans as its "Postretirement Plans."

During the fourth quarter of 2012, the Company changed its method of accounting for actuarial gains and losses for its pension and other postretirement plans. Historically, the Company recognized actuarial gains and losses for its pension and other postretirement obligations and pension plan assets as a component of other comprehensive income in the periods in which they arose. As set forth in the Financial Accounting Standards Board ("FASB") guidance for pension and other postretirement plans, the Company amortized actuarial gains and losses (to the extent they exceeded a 10% corridor) in future periods over the average remaining service period of active employees or, if substantially all plan participants were inactive, over the average remaining life expectancy of inactive participants, as a component of its net periodic benefit cost. The Company elected in the fourth quarter of 2012 to begin to immediately recognize actuarial gains and losses in its operating results in the year in which they occur. These gains and losses are measured at least annually as of the end of the Company's fiscal year and, as such, will generally be recognized during the fourth quarter of each year. Additionally, beginning in the fourth quarter of 2012, the Company no longer calculates expected return on plan assets using a permitted averaging technique for market-related value of plan assets but instead uses the fair value of plan assets. The financial data for all prior periods presented has been retrospectively adjusted to reflect the effect of these accounting changes.

Net benefit cost related to the Company's Pension Plans was recognized in selling, general and administrative expenses as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Service cost, including plan expenses | $ 4,823 | $ 4,011 | $ 9,420 | $ 7,865 |
| Interest cost | 6,528 | 4,530 | 13,067 | 8,986 |
| Expected return on plan assets | (9,658) | (5,254) | (19,528) | (10,476) |
| Amortization of prior service cost | 2 | 1 | 3 | 2 |
| Total | $ 1,695 | $ 3,288 | $ 2,962 | $ 6,377 |

Net benefit cost related to the Company's SERP Plans was recognized in selling, general and administrative expenses as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Service cost, including plan expenses | $ 1,119 | $ 814 | $ 2,169 | $ 1,787 |
| Interest cost | 953 | 827 | 1,810 | 1,673 |
| Amortization of prior service credit | (17) | (16) | (34) | (33) |
| Total | $ 2,055 | $ 1,625 | $ 3,945 | $ 3,427 |

Net benefit cost related to the Company's Postretirement Plans was recognized in selling, general and administrative expenses as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Service cost, including plan expenses | $ 14 | $ — | $ 40 | $ — |
| Interest cost | 207 | 181 | 429 | 399 |
| Amortization of prior service credit | (204) | (204) | (408) | (408) |
| Total | $ 17 | $ (23) | $ 61 | $ (9) |

Currently, the Company expects to make contributions of approximately $60,000 to its pension plans in 2013, which includes a $30,000 contribution made during the first quarter of 2013 to fund the pension plan that the Company acquired with the Warnaco acquisition. The Company's actual contributions may differ from planned contributions due to many factors, including changes in tax and other benefit laws, or significant differences between expected and actual pension asset performance or interest rates.

## 8. DEBT

### Short-Term Borrowings

One of the Company's Asian subsidiaries has a Yen-denominated overdraft facility with a Japanese bank, which provides for borrowings of up to ¥1,000,000 (approximately $10,000 based on exchange rates in effect on August 4, 2013) and is utilized to fund working capital needs. Borrowings under the facility are unsecured and bear interest at the one-month Japanese interbank borrowing rate ("TIBOR") plus 0.15%. Such facility renews automatically unless the Company gives notice of termination. There were no borrowings outstanding under this facility as of August 4, 2013. The maximum amount of borrowings outstanding under this facility during the twenty-six weeks ended August 4, 2013 was approximately $10,000.

One of the Company's European subsidiaries acquired as part of the Warnaco acquisition has short-term revolving notes with a number of banks at various interest rates, as well as a Euro-denominated overdraft facility, which are used to fund working capital needs. The total amount of borrowings outstanding as of August 4, 2013 was $2,147. The weighted average interest rate on the funds borrowed at August 4, 2013 was 2.94%. The maximum amount of borrowings outstanding under these facilities during the twenty-six weeks ended August 4, 2013 was approximately $25,300.

One of the Company's Asian subsidiaries acquired as part of the Warnaco acquisition has Rupee-denominated short-term revolving credit facilities with a local lender. These facilities provide for total borrowings of up to ₨195,000 (approximately $3,200 based on exchange rates in effect on August 4, 2013) and are utilized to fund working capital needs. Borrowings under the facilities bear interest at various interest rates, primarily based on a base rate set by the lending bank. As of August 4, 2013, the Company had $1,300 of borrowings outstanding under these facilities and the weighted average interest rate on the funds borrowed at August 4, 2013 was 10.44%. The maximum amount of borrowings outstanding under these facilities during the twenty-six weeks ended August 4, 2013 was approximately $2,600.

One of the Company's Asian subsidiaries acquired as part of the Warnaco acquisition has a short-term $10,000 revolving credit facility to be used to fund working capital needs. Borrowings under the facility bear interest at 1.75% plus the one-month London interbank borrowing rate ("LIBOR"). At the end of each month, amounts outstanding under this facility may be carried forward for additional one-month periods for up to one year. The facility was renewed in September 2012 and may be renewed annually in the future. The facility is subject to certain terms and conditions and may be terminated at any time at the discretion of the lender. There were no borrowings outstanding under this facility as of or during the twenty-six weeks ended August 4, 2013.

One of the Company's Asian subsidiaries acquired as part of the Warnaco acquisition has a Won-denominated short-term revolving credit facility with one lender that provides for borrowings of up to ₩3,000,000 (approximately $2,700 based on exchange rates in effect on August 4, 2013) and is utilized to fund working capital needs. Borrowings under the facility bear interest at the three-month Cost of Funds Index rate plus a specified margin. There were no borrowings outstanding under this facility as of or during the twenty-six weeks ended August 4, 2013.

One of the Company's Latin American subsidiaries acquired as part of the Warnaco acquisition has Real-denominated short-term revolving credit facilities with a number of banks that provide for total available borrowings of R$44,000 (approximately

$19,000 based on exchange rates in effect on August 4, 2013) and are utilized to fund working capital needs. Borrowings under the facilities bear interest at various interest rates. There were no borrowings outstanding under these facilities as of or during the twenty-six weeks ended August 4, 2013.

Long-Term Debt

The carrying amounts of the Company’s long-term debt were as follows:

| | 8/4/13 | 7/29/12 |
|---|---|---|
| Senior secured term loan A facility due 2018 | $ 1,672,297 | $ — |
| Senior secured term loan B facility due 2020 | 1,208,202 | — |
| 4 1/2% senior unsecured notes | 700,000 | — |
| 7 3/8% senior unsecured notes | 600,000 | 600,000 |
| 7 3/4% debentures | 99,652 | 99,631 |
| Senior secured term loan A facility due 2016 - United States dollar-denominated | — | 592,000 |
| Senior secured term loan A facility due 2016 - Euro-denominated | — | 98,844 |
| Senior secured term loan B facility due 2016 - United States dollar-denominated | — | 395,000 |
| Senior secured term loan B facility due 2016 - Euro-denominated | — | 18,010 |
| Total | 4,280,151 | 1,803,485 |
| Less: Current portion of long-term debt | 85,000 | 88,021 |
| Long-term debt | $ 4,195,151 | $ 1,715,464 |

As of August 4, 2013, the Company’s mandatory long-term debt repayments for the next five years were as follows:

| | |
|---|---|
| Remainder of 2013 | $ 42,500 |
| 2014 | 85,000 |
| 2015 | 116,875 |
| 2016 | 159,375 |
| 2017 | 170,000 |
| 2018 | 1,105,000 |

As of August 4, 2013, after taking into account the interest rate swap agreement discussed in the section entitled “New Senior Secured Credit Facilities”below, which was in effect as of such date, approximately 45% of the Company’s long-term debt was at a fixed rate, with the remainder at variable rates. As a result of the new interest rate swap agreement for a three-year term commencing on August 19, 2013, as discussed below, approximately 70% of the Company’s long-term debt will be at a fixed rate, with the remainder at variable rates.

Prior Senior Secured Credit Facilities

On May 6, 2010, the Company entered into senior secured credit facilities, which it amended and restated on March 2, 2011 (“the amended facilities”). The amended facilities consisted of a Euro-denominated term loan A facility, a United States dollar-denominated term loan A facility, a Euro-denominated term loan B facility, a United States dollar-denominated term loan B facility, a United States dollar-denominated revolving credit facility and two multi-currency (one United States dollar and Canadian dollar, and the other Euro, Japanese Yen and British Pound) revolving credit facilities. The amended facilities provided for initial borrowings of up to an aggregate of approximately $1,970,000 (based on applicable exchange rates on March 2, 2011), consisting of (i) an aggregate of approximately $1,520,000 of term loan facilities; and (ii) approximately $450,000 of revolving credit facilities.

The Company made payments of $89,680 on its term loans under the amended facilities during the twenty-six weeks ended July 29, 2012.

On February 13, 2013, in connection with the Warnaco acquisition, the Company modified and extinguished the amended facilities and repaid all outstanding borrowings thereunder, as discussed in the section entitled “New Senior Secured Credit Facilities” below.

New Senior Secured Credit Facilities

On February 13, 2013, simultaneously with and related to the closing of the Warnaco acquisition, the Company entered into new senior secured credit facilities ("the new facilities"), the proceeds of which were used to fund a portion of the acquisition, repay all outstanding borrowings under the amended facilities and repay all of Warnaco's previously outstanding long-term debt. The new facilities consist of a $1,700,000 United States dollar-denominated Term Loan A (recorded net of an original issue discount of $7,325 as of the acquisition date), a $1,375,000 United States dollar-denominated Term Loan B (recorded net of an original issue discount of $6,875 as of the acquisition date) and senior secured revolving credit facilities in an aggregate principal amount of $750,000 (based on the applicable exchange rates on February 13, 2013), consisting of (a) a $475,000 United States dollar-denominated revolving credit facility, (b) a $25,000 United States dollar-denominated revolving credit facility available in United States dollars or Canadian dollars and (c) a €185,850 Euro-denominated revolving credit facility available in Euro, Pounds Sterling, Japanese Yen and Swiss Francs. In connection with entering into the new facilities and repaying all outstanding borrowings under the amended facilities and all of Warnaco's previously outstanding long-term debt, the Company paid debt issuance costs of $67,370 (of which $34,638 was expensed as debt modification and extinguishment costs and $32,732 will be amortized over the term of the related debt agreement) and recorded additional debt modification and extinguishment costs of $5,757 to write-off previously capitalized debt issuance costs.

The revolving credit facilities include amounts available for letters of credit. As of August 4, 2013, the Company had drawn no revolving credit borrowings and approximately $79,105 of letters of credit. A portion of both United States dollar-denominated revolving credit facilities is also available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, the Company may add one or more term loan facilities or increase the commitments under the revolving credit facilities by an aggregate amount not to exceed the greater of (a) $750,000 and (b) $1,250,000 as long as the ratio of the Company's senior secured net debt to consolidated adjusted earnings before interest, taxes, depreciation and amortization (in each case calculated as set forth in the documentation relating to the new facilities) would not exceed 3 to 1 after giving pro forma effect to the incurrence of such increase, plus, in either case, an amount equal to the aggregate revolving commitments of any defaulting lender (to the extent the commitments with respect thereto have been terminated). The lenders under the new facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

The Company made payments of $181,688 on its term loans under the new facilities during the twenty-six weeks ended August 4, 2013, the majority of which was voluntary. As of August 4, 2013, the Company had total term loans outstanding of $2,880,499, net of original issue discounts. The terms of each of Term Loan A and Term Loan B contain a mandatory quarterly repayment schedule. Due to the above-mentioned voluntary payments, the Company is not required to make any additional mandatory repayments under Term Loan B prior to maturity.

The outstanding borrowings under the new facilities are prepayable at any time without penalty. The terms of the new facilities require the Company to repay certain amounts outstanding thereunder with (a) net cash proceeds of the incurrence of certain indebtedness, (b) net cash proceeds of certain asset sales or other dispositions (including as a result of casualty or condemnation) that exceed certain thresholds, to the extent such proceeds are not reinvested or committed to be reinvested in the business in accordance with customary reinvestment provisions and (c) a percentage of excess cash flow, which percentage is based upon the Company's net leverage ratio during the relevant fiscal period.

The United States dollar-denominated borrowings under the new facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds rate plus 1/2 of 1.00% and (iii) a one-month adjusted Eurocurrency rate plus 1.00% (provided that, in the case of Term Loan B, in no event will the base rate be deemed to be less than 1.75%) or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities (provided that, in the case of Term Loan B, in no event will the adjusted Eurocurrency rate be deemed to be less than 0.75%).

Canadian dollar-denominated borrowings under the new revolving credit facilities bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes at its main office in Toronto, Ontario as the reference rate of interest in order to determine interest rates for loans in Canadian Dollars to its Canadian borrowers and (ii) the sum of (x) the average of the rates per annum for Canadian Dollar bankers' acceptances having a term of one month that appears on the display referred to as "CDOR Page" of Reuters Monitor Money Rate Services as of 10:00 a.m. (Toronto time) on the date of determination, as reported by the administrative agent (and if such screen is not available, any successor or similar service as may be selected by the administrative agent), and (y) 0.75%, or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities.

The borrowings under the new revolving credit facilities in currencies other than United States dollars or Canadian dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities.

The current applicable margins are in the case of Term Loan A and the revolving credit facilities, 2.00% for adjusted Eurocurrency rate loans and 1.00% for base rate loans, as applicable. The applicable margins in the case of Term Loan B are fixed at 2.50% for adjusted Eurocurrency rate loans and 1.50% for base rate loans, respectively. After the date of delivery of the compliance certificate and financial statements with respect to the Company's fiscal quarter ending August 4, 2013, the applicable margin for borrowings under Term Loan A and the revolving credit facilities is subject to adjustment based on the Company's quarter end net leverage ratio.

During the second quarter of 2013, the Company entered into an interest rate swap agreement for a three-year term commencing on August 19, 2013. The agreement was designed with the intended effect of converting an initial notional amount of $1,228,750 of the Company's variable rate debt obligation under its United States dollar-denominated senior secured Term Loan A facility, or any replacement facility with similar terms, to fixed rate debt. Under the terms of the agreement for the then-outstanding notional amount, the Company's exposure to fluctuations in the one-month LIBOR is eliminated, and it will pay a fixed rate of 0.604%, plus the current applicable margin.

During the second quarter of 2011, the Company entered into an interest rate swap agreement for a three-year term commencing on June 6, 2011. The agreement was designed with the intended effect of converting an initial notional amount of $632,000 of the Company's variable rate debt obligation under its previously outstanding United States dollar-denominated senior secured term loan A facility, or any replacement facility with similar terms, to fixed rate debt. Such agreement remains outstanding, with a notional amount of $436,608 as of August 4, 2013, subsequent to the repayment of the Company's previously outstanding amended facility and is now converting a portion of the Company's variable rate debt obligation under its new Term Loan A facility to fixed rate debt. Under the terms of the agreement for the then-outstanding notional amount, the Company's exposure to fluctuations in the three-month LIBOR is eliminated, and it will pay a fixed rate of 1.197%, plus the current applicable margin.

The outstanding notional amount of each interest rate swap will be adjusted according to pre-set schedules during the term of each swap agreement such that, based on the Company's projections for future debt repayments, the Company's outstanding debt under the Term Loan A facility is expected to always equal or exceed the then-outstanding combined notional amount of the interest rate swaps.

The new facilities contain covenants that restrict the Company's ability to finance future operations or capital needs, to take advantage of other business opportunities that may be in its interest or to satisfy its obligations under its other outstanding debt. These covenants restrict the Company's ability to, among other things:

- incur or guarantee additional debt or extend credit;
- make restricted payments, including paying dividends or making distributions on, or redeeming or repurchasing, the Company's capital stock or certain debt;
- make acquisitions and investments;
- dispose of assets;
- engage in transactions with affiliates;
- enter into agreements restricting the Company's subsidiaries' ability to pay dividends;
- create liens on the Company's assets or engage in sale/leaseback transactions; and
- effect a consolidation or merger, or sell, transfer, or lease all or substantially all of the Company's assets.

The new facilities require the Company to comply with certain financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the applicable facility. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable which would result in acceleration of the Company's other debt. If the Company was unable to repay any such borrowings when due, the lenders could proceed against their collateral, which also secures some of the Company's other indebtedness.

4 1/2% Senior Notes Due 2022

On December 20, 2012, the Company issued $700,000 principal amount of 4 1/2% senior notes due December 15, 2022 in connection with the Warnaco acquisition. Interest on the 4 1/2% notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2013. The Company paid $16,257 of fees in the first quarter of 2013 in connection with the issuance of these notes, which will be amortized over the term of the notes.

The Company may redeem some or all of these notes at any time prior to December 15, 2017 by paying a “make whole” premium plus any accrued and unpaid interest. Subject to certain conditions, the Company may also redeem up to 35% of these notes prior to December 15, 2015 with the net cash proceeds of certain equity offerings without having to pay a penalty or “make whole” premium. In addition, the Company may redeem some or all of these notes on or after December 15, 2017 at specified redemption prices plus any accrued and unpaid interest. The Company’s ability to pay cash dividends and make other restricted payments is limited, in each case, over specified amounts as defined in the indenture governing the notes.

7 3/8% Senior Notes Due 2020

On May 6, 2010, the Company issued $600,000 principal amount of 7 3/8% senior notes due May 15, 2020. Interest on the 7 3/8% notes is payable semi-annually in arrears on May 15 and November 15 of each year.

The Company may redeem some or all of these notes on or after May 15, 2015 at specified redemption prices plus any accrued and unpaid interest. The Company may redeem some or all of these notes at any time prior to May 15, 2015 by paying a “make whole” premium plus any accrued and unpaid interest. In addition, subject to certain conditions, the Company may also redeem up to 35% of these notes prior to May 15, 2013, by paying a set premium, with the net proceeds of certain equity offerings. The Company’s ability to pay cash dividends and make other restricted payments is limited, in each case, over specified amounts as defined in the indenture governing the notes.

7 3/4% Debentures Due 2023

The Company has outstanding $100,000 of debentures due on November 15, 2023 with a yield to maturity of 7.80%. The debentures accrue interest at the rate of 7 3/4%, which is payable semi-annually. Pursuant to the indenture governing the debentures, the Company must maintain a certain level of stockholders’ equity in order to pay cash dividends and make other restricted payments, as defined in the indenture governing the debentures.

## 9. INCOME TAXES

The effective income tax rates for the thirteen weeks ended August 4, 2013 and July 29, 2012 were 161.1% and 28.0%, respectively. The effective income tax rates for the twenty-six weeks ended August 4, 2013 and July 29, 2012 were (174.0)% and 26.4%, respectively.

The effective income tax rate for the thirteen weeks ended August 4, 2013 was higher than the United States statutory rate due to non-recurring discrete items related to the Warnaco integration and state and local taxes, partially offset by the benefit of the overall lower tax rates in international jurisdictions where the Company files tax returns.

The effective income tax rate for the twenty-six weeks ended August 4, 2013 was lower than the United States statutory rate due to the net impact of non-recurring discrete items related to the Warnaco integration, state and local taxes and the benefit of the overall lower tax rates in international jurisdictions where the Company files tax returns. Since the Company had a pre-tax loss in the twenty-six weeks ended August 4, 2013, the discrete tax expense caused the effective income tax rate to be negative.

The effective income tax rates for the thirteen and twenty-six weeks ended July 29, 2012 were lower than the United States statutory rate due to the benefit of the overall lower tax rates in international jurisdictions where the Company files tax returns and the continuation of the tax synergies resulting from the Tommy Hilfiger acquisition, partially offset by state and local taxes.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company has exposure to changes in foreign currency exchange rates related to certain anticipated cash flows associated with certain international inventory purchases. In addition, the Company has exposure to changes in foreign currency exchange rates on certain intercompany loans. To help manage these exposures, the Company periodically uses foreign currency forward exchange contracts.

The Company also has exposure to interest rate volatility related to its senior secured term loan facilities. The Company has entered into interest rate swap agreements to hedge against this exposure. Please see Note 8, “Debt,” for a further discussion of the Company’s senior secured term loan facilities and these agreements. The Company had also entered into an interest rate cap agreement, which expired on September 6, 2012.

The Company records the foreign currency forward exchange contracts and interest rate contracts at fair value in its Consolidated Balance Sheets. Changes in fair value of the foreign currency forward exchange contracts associated with certain international inventory purchases and the interest rate contracts (collectively referred to as “cash flow hedges”) that are designated as effective hedging instruments are recorded in equity as a component of accumulated other comprehensive income (loss) (“AOCI”). The cash flows from such hedges are presented in the same category on the Consolidated Statements of Cash Flows as the items being hedged. Any ineffectiveness in such cash flow hedges is immediately recognized in earnings and no contracts were excluded from effectiveness testing. In addition, changes in the fair value of foreign currency forward exchange contracts that are not designated as effective hedging instruments are immediately recognized in earnings, including the changes in fair value of all of the foreign exchange contracts related to intercompany loans which are not of a long-term investment nature. Any gains and losses that are immediately recognized in earnings on such contracts related to intercompany loans are largely offset by the remeasurement of the underlying intercompany loan balances. The Company does not use derivative financial instruments for trading or speculative purposes.

The following table summarizes the fair value and presentation in the Consolidated Balance Sheets for the Company’s derivative financial instruments:

| | Asset Derivatives (Classified in Other Current Assets and Other Assets) | | Liability Derivatives (Classified in Accrued Expenses and Other Liabilities) | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Contracts designated as cash flow hedges: | | | | |
| Foreign currency forward exchange contracts (inventory purchases) | $ 1,432 | $ 18,828 | $ 4,231 | $ 866 |
| Interest rate contracts | 4,110 | 45 | 8,097 | 6,729 |
| Total contracts designated as cash flow hedges | 5,542 | 18,873 | 12,328 | 7,595 |
| Undesignated contracts: | | | | |
| Foreign currency forward exchange contracts (inventory purchases) | 282 | — | 109 | 538 |
| Foreign currency forward exchange contracts (intercompany loans) | 396 | — | 767 | 111 |
| Total undesignated contracts | 678 | — | 876 | 649 |
| Total | $ 6,220 | $ 18,873 | $ 13,204 | $ 8,244 |

At August 4, 2013, the notional amount outstanding of foreign currency forward exchange contracts for inventory purchases and intercompany loans was approximately $422,000 and $80,000, respectively. Such contracts expire principally between August 2013 and August 2014 for inventory purchases and between August 2013 and January 2014 for intercompany loans.

The following table summarizes the effect of the Company's hedges designated as cash flow hedging instruments:

| | Gain (Loss) Recognized in Other Comprehensive (Loss) Income (Effective Portion) | | (Loss) Gain Reclassified from AOCI into (Expense) Income (Effective Portion) | | |
|---|---|---|---|---|---|
| | | | Location | Amount | |
| Thirteen Weeks Ended | 8/4/13 | 7/29/12 | | 8/4/13 | 7/29/12 |
| Foreign currency forward exchange contracts (inventory purchases) | $ 1,732 | $ 6,592 | Cost of goods sold | $ (280) | $ 1,007 |
| Interest rate contracts | (897) | (962) | Interest expense | (1,023) | (1,098) |
| Total | $ 835 | $ 5,630 | | $ (1,303) | $ (91) |
| | | | | | |
| Twenty-Six Weeks Ended | 8/4/13 | 7/29/12 | | 8/4/13 | 7/29/12 |
| Foreign currency forward exchange contracts (inventory purchases) | $ 10,590 | $ 4,916 | Cost of goods sold | $ 2,901 | $ 3,631 |
| Interest rate contracts | (1,106) | (1,002) | Interest expense | (2,177) | (2,180) |
| Total | $ 9,484 | $ 3,914 | | $ 724 | $ 1,451 |

There was no ineffective portion of hedges designated as cash flow hedging instruments during the twenty-six weeks ended August 4, 2013 and July 29, 2012.

A net loss in AOCI on foreign currency forward exchange contracts at August 4, 2013 of $2,413 is estimated to be reclassified in the next 12 months in the Consolidated Income Statements to costs of goods sold as the underlying inventory is purchased and sold. In addition, a net loss in AOCI for interest rate contracts at August 4, 2013 of $6,601 is estimated to be reclassified to interest expense within the next 12 months.

The following table summarizes the effect of the Company's foreign currency forward exchange contracts that were not designated as cash flow hedges:

| | Gain (Loss) Recognized in Income | | |
|---|---|---|---|
| Thirteen Weeks Ended | Location | 8/4/13 | 7/29/12 |
| Foreign currency forward exchange contracts (inventory purchases) | Selling, general and administrative expenses | $ 661 | $ (190) |
| Foreign currency forward exchange contracts (intercompany loans) | Selling, general and administrative expenses | (285) | (1,224) |
| | | | |
| Twenty-Six Weeks Ended | Location | 8/4/13 | 7/29/12 |
| Foreign currency forward exchange contracts (inventory purchases) | Selling, general and administrative expenses | $ 349 | $ 679 |
| Foreign currency forward exchange contracts (intercompany loans) | Selling, general and administrative expenses | (38) | (1,224) |

The Company had no derivative financial instruments with credit risk related contingent features underlying the related contracts as of August 4, 2013.

11. FAIR VALUE MEASUREMENTS

FASB guidance for fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a three level hierarchy that prioritizes the inputs used to measure fair value. The three levels of the hierarchy are defined as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available.

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial assets and liabilities that are required to be remeasured at fair value on a recurring basis:

| | 8/4/13 | | | | 2/3/13 | | | | 7/29/12 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | | | | | | | |
| Foreign currency forward exchange contracts | N/A | $ 2,110 | N/A | $ 2,110 | N/A | $ 4,693 | N/A | $ 4,693 | N/A | $ 18,828 | N/A | $ 18,828 |
| Interest rate contracts | N/A | 4,110 | N/A | 4,110 | N/A | N/A | N/A | N/A | N/A | 45 | N/A | 45 |
| Total Assets | N/A | $ 6,220 | N/A | $ 6,220 | N/A | $ 4,693 | N/A | $ 4,693 | N/A | $ 18,873 | N/A | $ 18,873 |
| Liabilities: | | | | | | | | | | | | |
| Foreign currency forward exchange contracts | N/A | $ 5,107 | N/A | $ 5,107 | N/A | $ 13,460 | N/A | $ 13,460 | N/A | $ 1,515 | N/A | $ 1,515 |
| Interest rate contracts | N/A | 8,097 | N/A | 8,097 | N/A | 5,058 | N/A | 5,058 | N/A | 6,729 | N/A | 6,729 |
| Contingent purchase price payments related to reacquisition of the perpetual rights to the *Tommy Hilfiger* trademarks in India | N/A | N/A | $ 6,649 | 6,649 | N/A | N/A | $ 7,003 | 7,003 | N/A | N/A | $ 9,021 | 9,021 |
| Total Liabilities | N/A | $ 13,204 | $ 6,649 | $ 19,853 | N/A | $ 18,518 | $ 7,003 | $ 25,521 | N/A | $ 8,244 | $ 9,021 | $ 17,265 |

The fair value of the foreign currency forward exchange contracts is measured as the total amount of currency to be purchased, multiplied by the difference between (i) the forward rate as of the period end and (ii) the settlement rate specified in each contract. The fair values of the interest rate contracts are based on observable interest rate yield curves and represent the expected discounted cash flows underlying the financial instruments.

Pursuant to the agreement governing the reacquisition of the rights in India to the *Tommy Hilfiger* trademarks, the Company is required to make annual contingent purchase price payments based on a percentage of annual sales in excess of an agreed upon threshold of *Tommy Hilfiger* products in India for a period of five years (or, under certain circumstances, a period of six years) following the acquisition date. Such payments are subject to a $25,000 aggregate maximum and are due within 60 days following each one-year period. The first one-year period commenced on July 1, 2011. During the third quarter of 2012, the Company made a contingent purchase price payment of $185 for the first one-year period. The Company is required to remeasure this liability at fair value on a recurring basis and classifies this as a Level 3 measurement. The fair value of such contingent purchase price payments was determined using the discounted cash flow method, based on net sales projections for the Tommy Hilfiger apparel and accessories businesses in India, and was discounted using rates of return that account for the relative risks of the estimated future cash flows. Excluding the initial recognition of the liability for the contingent purchase price payments and payments made to reduce the liability, changes in the fair value are included within selling, general and administrative expenses.

The following table presents the change in the Level 3 contingent purchase price payment liability for the twenty-six weeks ended August 4, 2013 and July 29, 2012:

| | Twenty-Six Weeks Ended | |
|---|---|---|
| | 8/4/13 | 7/29/12 |
| Beginning Balance | $ 7,003 | $ 9,559 |
| Payments | — | — |
| Adjustments included in earnings | (354) | (538) |
| Ending Balance | $ 6,649 | $ 9,021 |

Additional information with respect to assumptions used to value the contingent purchase price payment liability is as follows:

| Unobservable Inputs | Amount |
|---|---|
| Approximate compounded annual net sales growth rate | 45.0% |
| Approximate discount rate | 20.0% |

A five percentage point increase or decrease in the discount rate would change the liability by approximately $1,000.

A five percentage point increase or decrease in the compounded annual net sales growth rate would change the liability by approximately $1,000.

There were no transfers between any levels of the fair value hierarchy for any of the Company's fair value measurements.

There were no material non-financial assets or liabilities that were required to be remeasured at fair value on a non-recurring basis during the twenty-six weeks ended August 4, 2013 and July 29, 2012.

The carrying amounts and the fair values of the Company's cash and cash equivalents, short-term borrowings and long-term debt as of August 4, 2013, February 3, 2013 and July 29, 2012 were as follows:

| | 8/4/13 | | 2/3/13 | | 7/29/12 | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Cash and cash equivalents | $ 628,920 | $ 628,920 | $ 892,209 | $ 892,209 | $ 261,986 | $ 261,986 |
| Short-term borrowings | 3,447 | 3,447 | 10,847 | 10,847 | 52,791 | 52,791 |
| Long-term debt (including portion classified as current) | 4,280,151 | 4,358,547 | 2,299,642 | 2,398,200 | 1,803,485 | 1,886,289 |

The fair values of cash and cash equivalents and short-term borrowings approximate their carrying values due to the short-term nature of these instruments. The Company estimates the fair value of its long-term debt using quoted market prices as of the last business day of the applicable quarter. The Company classifies the measurement of its long-term debt as a Level 1 measurement.

## 12. STOCK-BASED COMPENSATION

The Company grants stock-based awards under its 2006 Stock Incentive Plan (the "2006 Plan"). The 2006 Plan replaced the Company's 2003 Stock Option Plan (the "2003 Plan") and certain other prior stock option plans. The 2003 Plan and these other plans terminated upon the 2006 Plan's initial stockholder approval in June 2006, other than with respect to outstanding options, which continued to be governed by the applicable prior plan. Only awards under the 2003 Plan continue to be outstanding insofar as these prior plans are concerned. Shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2006 Plan: (i) non-qualified stock options ("NQs"); (ii) incentive stock options ("ISOs"); (iii) stock appreciation rights; (iv) restricted stock; (v) restricted stock units ("RSUs"); (vi) performance share units; and (vii) other stock-based awards. Each award granted under the 2006 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, applicable performance period(s) and performance measure(s), and such other terms and conditions as the plan committee determines.

Through August 4, 2013, the Company has granted under the 2006 Plan: (i) service-based NQs, RSUs and restricted stock; (ii) contingently issuable performance share units; and (iii) RSUs that are intended to satisfy the performance-based condition for deductibility under Section 162(m) of the Internal Revenue Code. According to the terms of the 2006 Plan, for purposes of determining the number of shares available for grant, each share underlying a stock option award reduces the number available by one share, each share underlying a restricted stock award reduces the number available by two shares and each share underlying an RSU or performance share unit award reduces the number available by three shares for awards made before April 29, 2009 and by two shares for awards made on or after April 29, 2009. The per share exercise price of options granted under the 2006 Plan cannot be less than the closing price of the common stock on the date of grant (the business day prior to the date of grant for awards granted prior to September 21, 2006).

The Company currently has service-based NQs and ISOs outstanding under the 2003 Plan. Such options were granted with an exercise price equal to the closing price of the Company's common stock on the business day immediately preceding the date of grant.

Under the terms of the merger agreement in connection with the Warnaco acquisition, each outstanding award of Warnaco stock options, restricted stock and restricted stock units has been assumed by the Company and converted into an award of the same type, and, subject to the same terms and conditions, but payable in shares of Company common stock. The stock options are generally exercisable in three equal annual installments commencing one year after the date of original grant and the RSUs and restricted stock awards generally vest three years after the date of original grant, principally on a cliff basis. The Company accounted for the replacement awards as a modification of the existing awards. As such, a new fair value was assigned to the awards, a portion of which is included as part of the merger consideration. The merger consideration of $39,752 was determined by multiplying the estimated fair value of the Warnaco awards outstanding at the effective time of the Warnaco acquisition, net of the estimated value of awards to be forfeited, by the proportionate amount of the vesting period that had lapsed as of the acquisition date. The remaining fair value, net of estimated forfeitures, is being expensed on a straight-line basis over the awards' remaining vesting periods.

Net (loss) income for the twenty-six weeks ended August 4, 2013 and July 29, 2012 included $34,478 and $18,891, respectively, of pre-tax expense related to stock-based compensation.

Stock options currently outstanding, with the exception of the Warnaco employee replacement awards discussed above, are generally cumulatively exercisable in four equal annual installments commencing one year after the date of grant. The vesting of such options outstanding is also generally accelerated upon retirement (as defined in the applicable plan). Such options are generally granted with a 10-year term.

The Company estimates the fair value of stock options granted at the date of grant using the Black-Scholes-Merton model. The estimated fair value of the options, net of estimated forfeitures, is expensed on a straight-line basis over the options' vesting periods.

The following summarizes the assumptions used to estimate the fair value of service-based stock options granted during the twenty-six weeks ended August 4, 2013 (with the exception of the Warnaco employee replacement stock options) and July 29, 2012:

| | Twenty-Six Weeks Ended | |
|---|---|---|
| | 8/4/13 | 7/29/12 |
| Weighted average risk-free interest rate | 1.05% | 1.20% |
| Weighted average expected option term (in years) | 6.22 | 6.25 |
| Weighted average Company volatility | 45.20% | 45.16% |
| Expected annual dividends per share | $ 0.15 | $ 0.15 |
| Weighted average grant date fair value per option | $ 51.51 | $ 40.59 |

The Company has continued to utilize the simplified method to estimate the expected term for its “plain vanilla” stock options granted due to a lack of relevant historical data resulting, in part, from changes in the pool of employees receiving option grants. The Company will continue to evaluate the appropriateness of utilizing such method.

The following summarizes the assumptions used to estimate the fair value of the Warnaco employee stock options that were replaced at the effective time of the acquisition:

| | Twenty-Six Weeks Ended |
|---|---|
| | 8/4/13 |
| Weighted average risk-free interest rate | 0.24% |
| Weighted average expected option term (in years) | 1.70 |
| Weighted average Company volatility | 29.40% |
| Expected annual dividends per share | $ 0.15 |
| Weighted average grant date fair value per option | $ 40.60 |

Service-based stock option activity for the twenty-six weeks ended August 4, 2013 was as follows:

| | Options | Weighted Average Price Per Option |
|---|---|---|
| Outstanding at February 3, 2013 | 1,958 | $ 44.17 |
| Replacement of Warnaco awards | 443 | 86.26 |
| Granted | 182 | 117.03 |
| Exercised | 381 | 64.43 |
| Cancelled | 12 | 93.60 |
| Outstanding at August 4, 2013 | 2,190 | $ 54.95 |
| Exercisable at August 4, 2013 | 1,511 | $ 42.83 |

RSUs granted to employees, with the exception of the Warnaco employee replacement awards, generally vest in three annual installments of 25%, 25% and 50% commencing two years after the date of grant. Service-based RSUs granted to non-employee directors vest in four equal annual installments commencing one year after the date of grant for awards granted prior to 2010 and vest in full one year after the date of grant for awards granted during or after 2010. The underlying RSU award agreements (excluding agreements for non-employee director awards made during or after 2010) generally provide for accelerated vesting upon the award recipient’s retirement (as defined in the 2006 Plan). The fair value of service-based RSUs, with the exception of the Warnaco employee replacement awards, is equal to the closing price of the Company’s common stock on the date of grant and is expensed, net of estimated forfeitures, on a straight-line basis over the RSUs’ vesting periods.

RSU activity for the twenty-six weeks ended August 4, 2013 was as follows:

| | RSUs | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at February 3, 2013 | 660 | $ 62.24 |
| Replacement of Warnaco awards | 120 | 120.72 |
| Granted | 234 | 119.06 |
| Vested | 244 | 61.24 |
| Cancelled | 24 | 79.78 |
| Non-vested at August 4, 2013 | 746 | $ 89.25 |

The Company's restricted stock awards consist solely of awards to Warnaco employees that were replaced with the Company's restricted stock as of the effective time of the acquisition. The fair value of restricted stock with respect to awards for which the vesting period had not lapsed as of the acquisition date was equal to the closing price of the Company's common stock on February 12, 2013 and is expensed, net of forfeitures, on a straight-line basis over the vesting period.

Restricted stock activity for the twenty-six weeks ended August 4, 2013 was as follows:

| | Restricted Stock | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at February 3, 2013 | — | $ — |
| Replacement of Warnaco awards | 271 | 120.72 |
| Granted | — | — |
| Vested | 174 | 120.72 |
| Cancelled | 8 | 120.72 |
| Non-vested at August 4, 2013 | 89 | $ 120.72 |

The Company granted contingently issuable performance share units to certain of the Company's senior executives during the first quarter of each of 2012 and 2013 subject to a performance period of two years and a service period of one year beyond the performance period. The Company granted contingently issuable performance share units to certain of the Company's executives during the second quarter of each of 2010 and 2013 subject to performance periods of three years each. The holders of the awards granted on May 6, 2010 that were subject to a performance period of three years earned an aggregate of 498 shares as a result of the Company's performance during such three-year period. For the awards granted in the second quarter of 2013, the final number of shares that will be earned, if any, is contingent upon the Company's achievement of goals for the performance period, of which 50 percent is based upon the Company's absolute stock price growth during the performance period and 50 percent is based upon the Company's total shareholder return during the performance period relative to other companies included in the S&P 500 as of the date of grant. For the awards granted in the first quarter of each of 2012 and 2013, the final number of shares that will be earned, if any, is contingent upon the Company's achievement of goals for each of the performance periods based on both earnings per share growth and return on equity for the awards granted in the first quarter of 2012 and earnings per share growth for the awards granted in the first quarter of 2013 during the applicable performance cycle.

For the contingently issuable performance share units granted prior to the second quarter of 2013, the Company records expense ratably over each applicable vesting period based on fair value and the Company's current expectations of the probable number of shares that will ultimately be issued. The fair value of these contingently issuable performance share units is equal to the closing price of the Company's common stock on the date of grant, reduced for the present value of any dividends expected to be paid on the Company's common stock during the performance cycle, as these contingently issuable performance share units do not accrue dividends prior to the completion of the performance cycle.

For the contingently issuable performance share units granted during the second quarter of 2013, because the awards are subject to market conditions, the Company records expense ratably over the vesting period, net of estimated forfeitures, regardless of whether the market condition is satisfied. The fair value of such awards was established on the grant date using the Monte Carlo simulation model, which was based on the following assumptions:

| | Twenty-Six Weeks Ended 8/4/13 |
|---|---|
| Risk-free interest rate | 0.34% |
| Expected Company volatility | 38.67% |
| Expected annual dividends per share | $ 0.15 |
| Grant date fair value per performance share unit | $ 123.27 |

Performance share unit activity for the twenty-six weeks ended August 4, 2013 was as follows:

| | Performance Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Non-vested at February 3, 2013 | 594 | $ 57.08 |
| Granted | 920 | 122.57 |
| Vested | 498 | 51.07 |
| Cancelled | 36 | 122.45 |
| Non-vested at August 4, 2013 | 980 | $ 119.26 |

The Company receives a tax deduction for certain transactions associated with its stock plan awards. The actual income tax benefits realized from these transactions for the twenty-six weeks ended August 4, 2013 and July 29, 2012 were $45,554 and $12,606, respectively. Of those amounts, $15,091 and $7,082, respectively, were reported as excess tax benefits. Excess tax benefits arise when the actual tax benefit resulting from a stock plan award transaction exceeds the tax benefit associated with the grant date fair value of the related stock award. The Company recognizes these excess tax benefits in additional paid in capital only if an incremental tax benefit would be realized after considering all other tax benefits presently available to the Company.

## 13. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the changes in AOCI (net of tax) by component for the twenty-six weeks ended August 4, 2013:

| | Foreign currency translation adjustments | Retirement liability adjustment | Net unrealized and realized (loss) gain on effective hedges | Total |
|---|---|---|---|---|
| Balance at February 3, 2013 | $ 153,648 | $ 1,552 | $ (15,318) | $ 139,882 |
| Other comprehensive (loss) income before reclassifications | (149,019) | — | 9,503 | (139,516) |
| Less: Amounts reclassified from AOCI | — | 271 | (11) | 260 |
| Other comprehensive (loss) income | (149,019) | (271) | 9,514 | (139,776) |
| Balance at August 4, 2013 | $ 4,629 | $ 1,281 | $ (5,804) | $ 106 |

The following table presents reclassifications out of AOCI to earnings:

| | Amount Reclassified from AOCI | | Affected Line Item in the Consolidated Income Statements |
|---|---|---|---|
| | Thirteen Weeks Ended 8/4/13 | Twenty-Six Weeks Ended 8/4/13 | |
| Realized (loss) gain on effective hedges | | | |
| Foreign currency forward exchange contracts | $ (280) | $ 2,901 | Cost of goods sold |
| Interest rate contracts | (1,023) | (2,177) | Interest expense |
| Less: Tax effect | (391) | 735 | Income tax expense |
| Total, net of tax | $ (912) | $ (11) | |
| | | | |
| Amortization of retirement liability items | | | |
| Prior service credit | $ 219 | $ 439 | Selling, general and administrative expenses |
| Less: Tax effect | 84 | 168 | Income tax expense |
| Total, net of tax | $ 135 | $ 271 | |

## 14. STOCKHOLDERS' EQUITY

Common Stock Issuance

On February 13, 2013, the Company issued 7,674 shares of its common stock, par value $1.00 per share, as part of the consideration paid to the former stockholders of Warnaco in connection with the acquisition.

Series A Convertible Preferred Stock Issuance and Conversion

In 2010, the Company sold 8 shares of Series A convertible preferred stock for net proceeds of $188,595 after related fees and expenses. During the first quarter of 2012, one of the holders of Series A convertible preferred stock converted an aggregate of $94,297 of the Series A convertible preferred stock, or 4 shares, into 2,095 shares of the Company's common stock. The remaining shares of Series A convertible preferred stock were converted into the Company's common stock during the fourth quarter of 2012. Holders of the Series A convertible preferred stock were entitled to vote and participate in dividends with the holders of the Company's common stock on an as-converted basis. Due to the conversions of such stock, there were no outstanding shares of the Company's Series A convertible preferred stock during the twenty-six weeks ended August 4, 2013. On May 2, 2013, the Company filed with the Secretary of State of the State of Delaware a certificate eliminating the Series A convertible preferred stock.

## 15. ACTIVITY EXIT COSTS

Warnaco Integration Costs

In connection with the Company's acquisition of Warnaco during the first quarter of 2013 and the related integration, the Company incurred certain costs related to severance and termination benefits, inventory liquidations and lease/contract terminations. Such costs were as follows:

| | Total Expected to be Incurred | Incurred During the Thirteen Weeks Ended 8/4/13 | Incurred During the Twenty-Six Weeks Ended 8/4/13 | Liability at 8/4/13 |
|---|---|---|---|---|
| Severance, termination benefits and other costs | $ 175,000 | $ 40,839 | $ 97,952 | $ 44,130 |
| Inventory liquidation costs | 30,000 | — | 30,000 | 5,035 |
| Lease/contract termination and related costs | 50,000 | 3,289 | 3,880 | 1,373 |
| Total | $ 255,000 | $ 44,128 | $ 131,832 | $ 50,538 |

Of the charges for severance, termination benefits and lease/contract termination and other costs incurred during the twenty-six weeks ended August 4, 2013, $23,544 relate to selling, general and administrative expenses of the Calvin Klein North America segment, $39,733 relate to selling, general and administrative expenses of the Calvin Klein International segment, $12,463 relate to selling, general and administrative expenses of the Heritage Brands Wholesale segment and $26,092 relate to corporate expenses not allocated to any reportable segment. The liabilities at August 4, 2013 related to these costs were principally recorded in accrued expenses in the Company's Consolidated Balance Sheets. The remaining charges for severance and termination benefits and lease/contract termination and other costs expected to be incurred relate principally to the aforementioned segments and corporate expenses not allocated to any reportable segment. Inventory liquidation costs incurred during the twenty-six weeks ended August 4, 2013 were included in net sales of the Company's Calvin Klein International segment. (See Note 18, "Segment Data.")

Tommy Hilfiger Integration and Exit Costs

In connection with the Company's acquisition and integration of Tommy Hilfiger and the related restructuring, the Company incurred certain costs related to severance and termination benefits, long-lived asset impairments, inventory liquidations and lease/contract terminations, including costs associated with the exit of certain *Tommy Hilfiger* product categories. All expected costs related to this acquisition and integration and the related restructuring were incurred by the end of 2012.

Liabilities for severance and termination benefits and lease/contract termination costs recorded in connection with the acquisition and integration of Tommy Hilfiger and the related restructuring were principally recorded in accrued expenses in the Company's Consolidated Balance Sheets and were as follows:

| | Liability at 2/3/13 | Costs Incurred During the Twenty-Six Weeks Ended 8/4/13 | Costs Paid During the Twenty-Six Weeks Ended 8/4/13 | Liability at 8/4/13 |
|---|---|---|---|---|
| Severance, termination benefits and other costs | $ 763 | $ — | $ 422 | $ 341 |
| Lease/contract termination and related costs | 2,013 | — | 847 | 1,166 |
| Total | $ 2,776 | $ — | $ 1,269 | $ 1,507 |

## 16. NET (LOSS) INCOME PER COMMON SHARE

In 2012, the Company utilized the two-class method of calculating basic net (loss) income per common share, as holders of the Company's Series A convertible preferred stock participated in dividends with holders of the Company's common stock prior to the conversion in 2012 of such convertible preferred stock into common stock. Net losses were not allocated to holders of the Series A convertible preferred stock.

The Company computed its basic and diluted net (loss) income per common share as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Net (loss) income attributable to PVH Corp. | $ (15,996) | $ 89,918 | $ (36,048) | $ 185,394 |
| Less: | | | | |
| Common stock dividends paid to holders of Series A convertible preferred stock | — | — | — | (209) |
| Allocation of income to Series A convertible preferred stock | — | (2,591) | — | (6,936) |
| Net (loss) income available to common stockholders for basic net (loss) income per common share | (15,996) | 87,327 | (36,048) | 178,249 |
| Add back: | | | | |
| Common stock dividends paid to holders of Series A convertible preferred stock | — | — | — | 209 |
| Allocation of income to Series A convertible preferred stock | — | 2,591 | — | 6,936 |
| Net (loss) income available to common stockholders for diluted net (loss) income per common share | $ (15,996) | $ 89,918 | $ (36,048) | $ 185,394 |
| Weighted average common shares outstanding for basic net (loss) income per common share | 81,337 | 70,403 | 80,653 | 69,471 |
| Weighted average impact of dilutive securities | — | 1,105 | — | 1,346 |
| Weighted average impact of assumed convertible preferred stock conversion | — | 2,095 | — | 2,785 |
| Total shares for diluted net (loss) income per common share | 81,337 | 73,603 | 80,653 | 73,602 |
| Basic net (loss) income per common share attributable to PVH Corp. | $ (0.20) | $ 1.24 | $ (0.45) | $ 2.57 |
| Diluted net (loss) income per common share attributable to PVH Corp. | $ (0.20) | $ 1.22 | $ (0.45) | $ 2.52 |

Potentially dilutive securities excluded from the calculation of diluted net (loss) income per common share were as follows:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Weighted average potentially dilutive securities | 3,913 | 466 | 3,799 | 360 |

Contingently issuable shares that have not met the necessary conditions as of the end of a reporting period are not included in the calculation of diluted net (loss) income per common share for that period. The Company had contingently issuable awards outstanding that did not meet the performance conditions as of August 4, 2013 and July 29, 2012 and, therefore, were excluded from the calculation of diluted net (loss) income per common share for the thirteen and twenty-six weeks ended August 4, 2013 and July 29, 2012. The maximum number of potentially dilutive shares that could be issued upon vesting for such awards was 189 and 678 as of August 4, 2013 and July 29, 2012, respectively. These amounts were also excluded from the computation of weighted average antidilutive securities.

17. NONCASH INVESTING AND FINANCING TRANSACTIONS

During the twenty-six weeks ended August 4, 2013 and July 29, 2012, the Company recorded increases to goodwill of $22,722 and $22,226, respectively, related to liabilities incurred for contingent purchase price payments to Mr. Calvin Klein. Such amounts are not due or paid in cash until 45 days subsequent to the Company’s applicable quarter end. As such, during the twenty-six weeks ended August 4, 2013 and July 29, 2012, the Company paid $26,734 and $25,749, respectively, in cash related to contingent purchase price payments to Mr. Calvin Klein that were recorded as additions to goodwill during the periods the liabilities were incurred.

During the first quarter of 2013, the Company issued 7,674 shares of its common stock, par value $1.00 per share (of which 416 shares were issued from treasury stock), as part of the consideration paid to the former stockholders of Warnaco in connection with the acquisition, which resulted in an increase in common stock of $7,258, an increase in additional paid in capital of $888,925 and a decrease in treasury stock of $30,269. In addition, the Company issued awards valued at $39,752 to replace outstanding stock awards made by Warnaco to its employees, which for accounting purposes are included in the total acquisition consideration. Also included in the acquisition consideration was the elimination of a $9,128 pre-acquisition liability to Warnaco.

During the first quarter of 2013, the Company recorded a loss of $5,757 to write-off previously capitalized debt issuance costs in connection with the modification and extinguishment of its previously outstanding senior secured credit facilities.

During the first quarter of 2012, one of the holders of the Company's Series A convertible preferred stock converted an aggregate of 4 shares into 2,095 shares of the Company's common stock, resulting in a decrease in Series A convertible preferred stock of $94,297, an increase in common stock of $2,095, and an increase in additional paid in capital of $92,202. The remaining shares of Series A convertible preferred stock were converted into the Company's common stock during the fourth quarter of 2012. Please see Note 14, "Stockholders' Equity."

Omitted from purchases of property, plant and equipment in the Consolidated Statement of Cash Flows for the twenty-six weeks ended August 4, 2013 and July 29, 2012 are $2,663 and $13,480, respectively, of assets acquired through capital leases.

## 18. SEGMENT DATA

The acquisition of Warnaco significantly impacted the way the Company and its chief operating decision maker manage and analyze its operating results. As such, the Company changed its reportable segments beginning with the first quarter of 2013. Prior year periods have been restated in order to present that information on a basis consistent with the current year.

The Company manages its operations through its operating divisions, which are presented as six reportable segments: (i) Calvin Klein North America; (ii) Calvin Klein International; (iii) Tommy Hilfiger North America; (iv) Tommy Hilfiger International; (v) Heritage Brands Wholesale; and (vi) Heritage Brands Retail.

*Calvin Klein North America segment* - This segment consists of the Company's Calvin Klein North America division. This segment derives revenue principally from (i) marketing *Calvin Klein* branded apparel and related products at wholesale in North America, primarily to department, mid-tier department and specialty stores; (ii) operating retail stores, which are primarily located in outlet centers, and an e-commerce website for North American customers, which sell *Calvin Klein* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the brand names *Calvin Klein Collection*, *ck Calvin Klein* (in the process of being changed to *Calvin Klein* on a platinum label) and *Calvin Klein* for a broad array of products and retail services in North America.

*Calvin Klein International segment* - This segment consists of the Company's Calvin Klein International division. This segment derives revenue principally from (i) marketing *Calvin Klein* branded apparel and related products at wholesale principally in Europe, Asia and Brazil, primarily to department and specialty stores and franchise operators of *Calvin Klein* stores, and through distributors; (ii) operating retail stores in Europe, Asia and Brazil, which sell *Calvin Klein* branded apparel, accessories and related products; and (iii) licensing and similar arrangements relating to the use by third parties of the brand names *Calvin Klein Collection*, *ck Calvin Klein* (in the process of being changed to *Calvin Klein* on a platinum label) and *Calvin Klein* for a broad array of products and retail services outside of North America.

*Tommy Hilfiger North America segment* - This segment consists of the Company's Tommy Hilfiger North America division. This segment derives revenue principally from (i) marketing *Tommy Hilfiger* branded apparel and related products at wholesale in North America, primarily to department stores, principally Macy's; and (ii) operating retail stores and an e-commerce website for North American customers, which sell *Tommy Hilfiger* branded apparel, accessories and related products. This segment also derives revenue from licensing and similar arrangements relating to the use by third parties of the *Tommy Hilfiger* brand name for a broad array of products in North America.

*Tommy Hilfiger International segment* - This segment consists of the Company's Tommy Hilfiger International division. This segment derives revenue principally from (i) marketing *Tommy Hilfiger* branded apparel and related products at wholesale principally in Europe, primarily to department and specialty stores and franchise operators of *Tommy Hilfiger* stores, and through distributors and licensees; and (ii) operating retail stores in Europe and Japan, as well as operating an international e-commerce site, which sell *Tommy Hilfiger* branded apparel, accessories and related products. This segment also includes the Company's proportionate share of the net income or loss of its investments in unconsolidated Tommy Hilfiger foreign affiliates.

This segment also derives revenue from licensing and similar arrangements relating to the use by third parties of the *Tommy Hilfiger* brand name for a broad array of products outside of North America.

*Heritage Brands Wholesale segment* - This segment consists of the Company’s heritage brands wholesale division. This segment derives revenue primarily from the marketing to department, mid-tier department and specialty stores in North America of: (i) dress shirts and neckwear under various owned and licensed brand names, including several private label brands; (ii) men’s sportswear under the brand names *Van Heusen*, *IZOD* and *ARROW*; (iii) swimwear, fitness apparel, swim accessories and related products under the brand name *Speedo* beginning in the first quarter of 2013; and (iv) women’s intimate apparel under the brand names *Warner’s* and *Olga* beginning in the first quarter of 2013. This segment also derived revenue through the second quarter of 2012 from marketing men’s sportswear under the brand name *Timberland* and through the third quarter of 2012 from marketing women’s sportswear under the brand name *IZOD*.

*Heritage Brands Retail segment* - This segment consists of the Company’s Heritage Brands retail division. This segment derives revenue principally from operating retail stores, primarily in outlet centers in North America, which sell apparel, footwear, accessories and related products under the brand names *Van Heusen*, *IZOD*, *Bass* and *G.H. Bass & Co*.

The following tables present summarized information by segment:

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Revenue – Calvin Klein North America | | | | |
| Net sales | $ 332,119 | $ 150,546 | $ 625,459 | $ 312,520 |
| Royalty revenue | 22,610 | 28,891 | 48,026 | 60,199 |
| Advertising and other revenue | 8,024 | 14,201 | 16,719 | 26,075 |
| Total | 362,753 | 193,638 | 690,204 | 398,794 |
| Revenue – Calvin Klein International | | | | |
| Net sales | 286,152 | 12,124 | 541,340 (1) | 21,869 |
| Royalty revenue | 15,796 | 30,355 | 34,149 | 64,520 |
| Advertising and other revenue | 5,884 | 15,114 | 12,750 | 28,167 |
| Total | 307,832 | 57,593 | 588,239 | 114,556 |
| Revenue – Tommy Hilfiger North America | | | | |
| Net sales | 357,081 | 324,482 | 694,757 | 623,462 |
| Royalty revenue | 6,034 | 5,101 | 12,524 | 9,625 |
| Advertising and other revenue | 1,748 | 2,285 | 4,206 | 3,972 |
| Total | 364,863 | 331,868 | 711,487 | 637,059 |
| Revenue – Tommy Hilfiger International | | | | |
| Net sales | 420,485 | 375,495 | 872,271 | 829,345 |
| Royalty revenue | 12,810 | 13,078 | 24,563 | 23,358 |
| Advertising and other revenue | 1,138 | 1,465 | 2,352 | 2,509 |
| Total | 434,433 | 390,038 | 899,186 | 855,212 |
| Revenue – Heritage Brands Wholesale | | | | |
| Net sales | 328,540 | 183,500 | 683,109 | 437,618 |
| Royalty revenue | 4,158 | 3,859 | 8,150 | 7,839 |
| Advertising and other revenue | 762 | 1,189 | 1,366 | 2,357 |
| Total | 333,460 | 188,548 | 692,625 | 447,814 |
| Revenue – Heritage Brands Retail | | | | |
| Net sales | 160,062 | 173,473 | 290,548 | 307,655 |
| Royalty revenue | 1,153 | 1,229 | 2,216 | 2,432 |
| Advertising and other revenue | 291 | 236 | 502 | 507 |
| Total | 161,506 | 174,938 | 293,266 | 310,594 |
| Total Revenue | | | | |
| Net sales | 1,884,439 | 1,219,620 | 3,707,484 | 2,532,469 |
| Royalty revenue | 62,561 | 82,513 | 129,628 | 167,973 |
| Advertising and other revenue | 17,847 | 34,490 | 37,895 | 63,587 |
| Total | $ 1,964,847 | $ 1,336,623 | $ 3,875,007 | $ 2,764,029 |

(1) Includes $30,000 of sales returns for certain Warnaco wholesale customers in Asia in connection with the Company's initiative to reduce excess inventory levels.

| | Thirteen Weeks Ended | | Twenty-Six Weeks Ended | |
|---|---|---|---|---|
| | 8/4/13 | 7/29/12 | 8/4/13 | 7/29/12 |
| Income before interest and taxes – Calvin Klein North America | $ 39,496 (2) | $ 36,412 | $ 51,934 (3) | $ 72,490 |
| (Loss) income before interest and taxes – Calvin Klein International | (56,878) (2) | 23,777 | (105,032) (3) | 46,003 |
| Income before interest and taxes – Tommy Hilfiger North America | 61,960 | 52,636 | 107,970 | 81,513 (6) |
| Income before interest and taxes – Tommy Hilfiger International | 37,859 | 41,113 (5) | 110,001 | 114,593 (6) |
| Income before interest and taxes – Heritage Brands Wholesale | 29,149 (2) | 13,797 | 57,504 (3) | 34,037 |
| Income (loss) before interest and taxes – Heritage Brands Retail | 4,013 | 9,306 | (2,790) | 6,710 |
| Loss before interest and taxes – Corporate[1] | (42,166) (2) | (23,787) (5) | (139,369) (3) (4) | (46,010) (6) |
| Income before interest and taxes | $ 73,433 | $ 153,254 | $ 80,218 | $ 309,336 |

(1) Includes corporate expenses not allocated to any reportable segments. Corporate expenses represent overhead operating expenses and include expenses for senior corporate management, corporate finance, information technology related to corporate infrastructure and actuarial gains and losses from the Company’s pension and other postretirement plans.

(2) Income (loss) before interest and taxes for the thirteen weeks ended August 4, 2013 includes costs of $139,886 associated with the Company’s acquisition and integration of Warnaco and the related restructuring. Such costs were included in the Company’s segments as follows: $27,632 in Calvin Klein North America; $85,008 in Calvin Klein International; $11,247 in Heritage Brands Wholesale and $15,999 in corporate expenses not allocated to any reportable segments.

(3) Income (loss) before interest and taxes for the twenty-six weeks ended August 4, 2013 includes costs of $333,993 associated with the Company’s acquisition and integration of Warnaco and the related restructuring. Such costs were included in the Company’s segments as follows: $68,734 in Calvin Klein North America; $185,468 in Calvin Klein International; $28,770 in Heritage Brands Wholesale and $51,021 in corporate expenses not allocated to any reportable segments.

(4) Loss before interest and taxes for the twenty-six weeks ended August 4, 2013 includes costs of $40,395 associated with the Company’s debt modification and extinguishment. Please refer to Note 8, “Debt,” for a further discussion.

(5) Income (loss) before interest and taxes for the thirteen weeks ended July 29, 2012 includes costs of $4,541 associated with the Company’s integration of Tommy Hilfiger and the related restructuring. Such costs were included in the Company’s segments as follows: $3,497 in Tommy Hilfiger International and $1,044 in corporate expenses not allocated to any reportable segments.

(6) Income (loss) before interest and taxes for the twenty-six weeks ended July 29, 2012 includes costs of $7,857 associated with the Company’s integration of Tommy Hilfiger and the related restructuring. Such costs were included in the Company’s segments as follows: $379 in Tommy Hilfiger North America; $3,497 in Tommy Hilfiger International and $3,981 in corporate expenses not allocated to any reportable segments.

Intersegment transactions consist of transfers of inventory principally from the Heritage Brands Wholesale segment to the Heritage Brands Retail segment and the Calvin Klein North America segment. These transfers are recorded at cost plus a standard markup percentage. Such markup percentage is eliminated principally in the Heritage Brands Retail segment and the Calvin Klein North America segment.

The following table presents the Company's total assets by segment:

| Identifiable Assets | 8/4/13 | 2/3/13 | 7/29/12 |
| --- | --- | --- | --- |
| Calvin Klein North America | $ 1,907,589 | $ 752,029 | $ 719,391 |
| Calvin Klein International | 3,182,654 | 584,860 | 578,037 |
| Tommy Hilfiger North America | 1,220,896 | 1,137,404 | 1,139,287 |
| Tommy Hilfiger International | 3,209,996 | 3,278,813 | 2,981,087 |
| Heritage Brands Wholesale | 1,370,895 | 555,544 | 568,847 |
| Heritage Brands Retail | 206,313 | 175,717 | 185,756 |
| Corporate[1] | 416,403 | 1,297,182 | 559,083 |
| Total | $ 11,514,746 | $ 7,781,549 | $ 6,731,488 |

[1] Corporate at February 3, 2013 included $700,000 of cash that arose from senior notes that were issued to fund a portion of the consideration for the Warnaco acquisition.

## 19. GUARANTEES

The Company guaranteed to a landlord the payment of rent and related costs by the tenant currently occupying space previously leased by the Company. The maximum amount guaranteed as of August 4, 2013 is approximately $3,600, which is subject to exchange rate fluctuation. The Company has the right to seek recourse of approximately $2,300 as of August 4, 2013, which is subject to exchange rate fluctuation. The guarantee expires on May 19, 2016.

The Company has certain other guarantees whereby it guaranteed the payment of amounts on behalf of certain other parties, none of which are material individually or in the aggregate.

## 20. RECENT ACCOUNTING GUIDANCE

The FASB issued in February 2013 guidance that requires an entity to provide information about significant amounts reclassified out of AOCI. For amounts that are required to be reclassified in their entirety to net income in the same reporting period, an entity must report the amounts by component and their corresponding effect on the respective line items of net income. Such information is required to be presented either on the face of the financial statements or as a separate disclosure in the footnotes to the financial statements. For other amounts that are not required to be reclassified to net income in their entirety, an entity is required to cross-reference to other disclosures. The Company adopted this guidance during the first quarter of 2013 and elected to present a separate disclosure in the Notes to Consolidated Financial Statements. The adoption did not have any impact on the Company's consolidated results of operations or financial position.

The FASB issued in March 2013 guidance that requires an entity to release any related cumulative translation adjustment into net income when it ceases to have a controlling financial interest in a subsidiary that is a foreign entity if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For an equity method investment that is a foreign entity, a pro rata portion of the cumulative translation adjustment related to the investment should be released into net income upon a partial sale of such investment. This guidance becomes effective for the Company in the first quarter of 2014. The adoption is not expected to have a material impact on the Company's consolidated results of operations or financial position.

The FASB issued in July 2013 guidance that requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. However, to the extent (i) a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance becomes effective prospectively for the Company in the first quarter of 2014. The adoption is not expected to have any impact on the Company's consolidated results of operations or financial position.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the brand names *Calvin Klein*, *Tommy Hilfiger*, *Van Heusen*, *IZOD, ARROW*, *G.H. Bass & Co.*, *Warner's*, *Olga* and *Speedo* and to other brand names are to registered trademarks owned by us or licensed to us by third parties and are identified by italicizing the brand name.

References to the acquisition of Warnaco refer to our February 13, 2013 acquisition of The Warnaco Group, Inc. and its subsidiaries, which we refer to collectively as "Warnaco."

References to the acquisition of Tommy Hilfiger refer to our May 6, 2010 acquisition of Tommy Hilfiger B.V. and certain affiliated companies, which we refer to collectively as "Tommy Hilfiger."

OVERVIEW

The following discussion and analysis is intended to help you understand us, our operations and our financial performance. It should be read in conjunction with our consolidated financial statements and the accompanying notes, which are included in the immediately preceding item of this report.

We are one of the largest branded apparel companies in the world, with a heritage dating back over 130 years. Our brand portfolio consists of nationally and internationally recognized brand names, including *Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Speedo* (licensed for North America and the Caribbean in perpetuity from Speedo International, Ltd), *Warner's*, *Olga* and *G.H. Bass & Co*. In addition, we license brands for dress shirts and neckwear offered in the United States and Canada. We market our brands at multiple price points and across multiple channels of distribution and geographies, which allows us to provide products to a broad range of consumers, while minimizing competition among our brands and reducing reliance on any one demographic group, merchandise preference, price point, distribution channel or geography. Our internationally renowned designer lifestyle brands, *Calvin Klein* and *Tommy Hilfiger*, offer additional geographic distribution channel and price point opportunities as compared to our heritage brands.

We acquired Warnaco on February 13, 2013 for total consideration of $3.137 billion, consisting of $2.180 billion paid in cash, the issuance of approximately 8 million shares of our common stock (valued at $926 million), the issuance of stock awards valued at $40 million to replace outstanding stock awards made by Warnaco to its employees and the elimination of a $9 million pre-acquisition liability to Warnaco. We funded the cash portion and related costs of the acquisition, repaid all outstanding borrowings under our previously outstanding senior secured credit facilities and repaid all of Warnaco's previously outstanding long-term debt with the net proceeds of (i) an offering during the fourth quarter of 2012 of $700 million of 4 1/2% senior notes due 2022; and (ii) $3.075 billion of term loans borrowed during the first quarter of 2013 under new senior secured credit facilities. These items are more fully described in the section entitled "Liquidity and Capital Resources" below.

Warnaco designs, sources, markets and distributes a broad line of intimate apparel, sportswear and swim products worldwide. Warnaco's products are sold under the highly-recognized *Calvin Klein*, *Speedo*, *Warner's* and *Olga* brand names and are distributed domestically and internationally, through all major channels of distribution. Prior to the acquisition, Warnaco was our largest licensee for *Calvin Klein* products. By reuniting the *Calvin Klein* brand under one owner, we have complete direct global control of the brand image and commercial decisions for the two largest *Calvin Klein* apparel categories — jeanswear and underwear. The acquisition takes advantage of our and Warnaco's complementary geographic operations. Warnaco's operations in Asia and Latin America should enhance our opportunities in those high-growth regions, and we will have the ability to leverage our expertise and infrastructure in North America and Europe to enhance the growth and profitability of the Calvin Klein jeanswear and underwear businesses in those regions. The acquisition also added the *Speedo*, *Warner's* and *Olga* brands into our Heritage Brands portfolio. With a diversified brand portfolio and strong operations in every major consumer market around the world, our business is better balanced across geographies, channels of distribution, product categories and price points, and our opportunity to realize revenue growth and enhanced profitability has been expanded. We also believe the Warnaco acquisition created significant opportunities to achieve synergies, principally with respect to certain corporate functions and duplicative brand management functions in North America and Europe. We expect to realize the synergies in full gradually through the end of 2016.

OPERATIONS OVERVIEW

We generate net sales from (i) the wholesale distribution to retailers, franchisees, licensees and distributors of men's dress shirts, neckwear and underwear, men's and women's sportswear, women's intimate apparel, swim products, footwear, accessories and related products under owned and licensed trademarks; and (ii) the sale through approximately 1,500 company-operated free-standing retail store locations worldwide under our *Calvin Klein*, *Tommy Hilfiger*, *Van Heusen*, *IZOD* and *Bass* trademarks, and approximately 1,500 company-operated concessions/shop-in-shops worldwide under our *Calvin Klein* and *Tommy Hilfiger* trademarks, of apparel, footwear, accessories and other products.

We generate royalty, advertising and other revenue from fees for licensing the use of our trademarks. A substantial portion of our Calvin Klein licensing revenue was generated from Warnaco prior to the acquisition and, therefore, our royalty, advertising and other revenue decreased significantly in the first half of 2013 as compared to prior periods (and will continue to do so for the remainder of the year).

We recorded pre-tax charges of $46 million during 2012 associated with the Warnaco acquisition. We recorded pre-tax charges in the first half of 2013 in connection with the acquisition, integration, restructuring and debt modification and extinguishment that totaled $375 million. This amount included non-cash charges of $208 million, principally related to short-lived valuation adjustments and amortization and debt modification and extinguishment costs. We expect to incur total pre-tax charges of approximately $500 million during 2013 in connection with the integration and related restructuring, which includes expected non-cash charges of approximately $250 million, principally related to short-lived valuation adjustments and amortization and debt modification and extinguishment costs. Our future results of operations will be significantly impacted by this acquisition, particularly through the operations of the Calvin Klein business and through the changes in our capital structure that were necessary to complete the acquisition, as more fully discussed below.

The acquisition of Warnaco has significantly impacted the way we manage and analyze our operating results. As such, beginning with the first quarter of 2013, we have the following six reportable segments: Calvin Klein North America, Calvin Klein International, Tommy Hilfiger North America, Tommy Hilfiger International, Heritage Brands Wholesale and Heritage Brands Retail. Please refer to Note 18, “Segment Data,” in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion.

During the fourth quarter of 2012, we changed our method of accounting for our pension and other postretirement plans. As part of this change, we elected to begin immediately recognizing actuarial gains and losses in our operating results in the year in which they occur. We applied this change retrospectively, adjusting all prior periods.

We acquired Tommy Hilfiger in the second quarter of 2010. We incurred pre-tax charges of $8 million in the first half of 2012 in connection with the integration of Tommy Hilfiger and the related restructuring.

RESULTS OF OPERATIONS

Due to the 53rd week in 2012, comparable store sales for the thirteen and twenty-six weeks ended August 4, 2013 are more appropriately compared with the thirteen and twenty-six week periods ended August 5, 2012. All comparable store sales discussed below are presented on this shifted basis.

<u>Thirteen Weeks Ended August 4, 2013 Compared With Thirteen Weeks Ended July 29, 2012</u>

<u>Total Revenue</u>

Net sales in the second quarter of 2013 were $1.884 billion as compared to $1.220 billion in the second quarter of the prior year. The increase in net sales of $665 million was due principally to the net effect of the following items:

- The aggregate addition of $456 million of net sales in our Calvin Klein North America and Calvin Klein International segments. The newly-acquired Calvin Klein businesses contributed $411 million of this increase. In addition, comparable store sales within our Calvin Klein North America retail business increased 6%, while our pre-acquisition Calvin Klein North America wholesale sportswear business experienced strong double-digit growth. Comparable store sales within the Calvin Klein International segment (which relate to newly acquired businesses) decreased 1%. The Calvin Klein businesses in China and Brazil continued to exhibit strong momentum, and the Korea business showed some improvement over first quarter trends. The Calvin Klein European business remained under pressure, as the jeans business is in transition and continues to be weak in Spain and Italy, where it is primarily concentrated. In addition, wholesale revenue in Europe decreased as we continued to rationalize our wholesale distribution to focus on accounts that we view as brand-enhancing and more creditworthy.

- The aggregate addition of $78 million of net sales attributable to growth in our Tommy Hilfiger North America and Tommy Hilfiger International segments. Within the Tommy Hilfiger North America segment, net sales increased 10%, principally driven by retail comparable store sales growth of 7% and retail square footage expansion. Net sales in the

Tommy Hilfiger International segment increased 12% as compared to the prior year's second quarter driven by a double-digit increase in the European wholesale business and European retail comparable store sales growth of 6% and retail square footage expansion. These increases were partially offset by a revenue decline in Japan, where our efforts to strategically reposition the brand are continuing.

- The aggregate addition of $132 million of net sales in our Heritage Brands Wholesale and Heritage Brands Retail segments, driven by the net impact of: (i) the addition of $131 million of net sales in our Heritage Brands Wholesale segment attributed to Warnaco's Speedo swim product and Warner's and Olga women's intimate apparel businesses; (ii) strength in the wholesale dress furnishings and Van Heusen and Izod men's wholesale sportswear businesses; (iii) a 10% decrease in retail comparable store sales due in large part to the continued soft performance of the Bass retail business; and (iv) a negative impact of $8 million resulting from the 2012 exit from the Izod women's and Timberland wholesale sportswear businesses.

Royalty, advertising and other revenue in the second quarter of 2013 decreased to $80 million from $117 million in the prior year's second quarter due principally to the absence in 2013 of Warnaco royalty revenue subsequent to the acquisition date, as discussed above, combined with the expiration of a long-term contractual agreement related to royalties in the North American women's sportswear business. Partially offsetting these decreases was growth in Calvin Klein royalty, advertising and other revenue due to continued strength in women's sportswear, handbags and accessories, as well as suits and footwear.

Gross Profit on Total Revenue

Gross profit on total revenue is calculated as total revenue less cost of goods sold. Included as cost of goods sold are costs associated with the production and procurement of product, including inbound freight costs, purchasing and receiving costs, inspection costs and other product procurement related charges. All of our royalty, advertising and other revenue is included in gross profit because there is no cost of goods sold associated with such revenue. As a result, our gross profit may not be comparable to that of other entities.

Gross profit on total revenue in the second quarter of 2013 was $1,026 million, or 52.2% of total revenue, compared with $743 million, or 55.6% of total revenue in the second quarter of the prior year. This 340 basis point decrease was primarily due to the impact of the Warnaco acquisition, as (i) we recorded short-lived non-cash valuation adjustments in connection with the acquisition, which resulted in a decrease of approximately 90 basis points; (ii) our royalty, advertising and other revenue, which does not carry a cost of sales and has a gross profit percentage of 100%, significantly decreased for Calvin Klein and was replaced by the directly-operated acquired Calvin Klein jeans and underwear businesses, which do carry a cost of sales and have a large United States wholesale component (which generally operates at lower gross margins than our other businesses); and (iii) the acquired Speedo swim product and Warner's and Olga women's intimate apparel businesses principally operate in the United States and generate lower gross margins than our other businesses. Also negatively impacting gross profit on total revenue during the quarter was a reduction in the Tommy Hilfiger International segment due to underperformance in Japan and gross margin pressure experienced during the quarter in Europe. In addition, the Heritage Brands Retail segment experienced a significant gross margin decline as a result of higher promotional selling during the second quarter. Partially offsetting these declines was an increase in gross margin related to the pre-acquisition Calvin Klein North America businesses resulting principally from higher average unit retail selling prices.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses in the second quarter of 2013 were $953 million, or 48.5% of total revenue, as compared to $589 million, or 44.1% of total revenue, in the second quarter of the prior year. The 440 basis point expansion in SG&A expenses as a percentage of total revenue was due principally to the net impact of (i) a 630 basis point increase due to Warnaco acquisition, integration and restructuring costs, of which 300 basis points were non-cash charges, principally related to short-lived valuation adjustments and amortization; partially offset by (ii) a decrease due to the addition of Warnaco's businesses, most of which are lower-expense wholesale businesses.

Equity in Income (Loss) of Unconsolidated Affiliates, Net

The equity in income of unconsolidated affiliates, net in the second quarter of 2013 was $813,000, as compared to a loss of $(74,000) in the second quarter of the prior year. These amounts relate to our share of income (loss) from our joint ventures for the *Tommy Hilfiger* brand in China, India and Brazil. Our investments in these joint ventures are being accounted for under the equity method of accounting. Please refer to Note 4, "Investments in Unconsolidated Affiliates," in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion.

Interest Expense and Interest Income

Interest expense increased to $49 million in the second quarter of 2013 from $29 million in the second quarter of the prior year due principally to interest expense incurred on the term loans borrowed under new senior secured credit facilities and on the $700 million of 4 1/2% senior notes due 2022. Please see the section entitled “Financing Arrangements” within “Liquidity and Capital Resources” below for a further discussion. Interest income for the second quarter of 2013 increased to $2 million as compared to $197,000 in the second quarter of 2012, due principally to an increase in our average cash position during the period.

Income Taxes

The effective tax rates for the second quarters of 2013 and 2012 were 161.1% and 28.0%, respectively. The effective income tax rate for the second quarter of 2013 increased as compared to the second quarter effective income tax rate of the prior year, and was also higher than the United States statutory rate, due to non-recurring discrete items related to the Warnaco integration and state and local taxes, partially offset by the benefit of the overall lower tax rates in international jurisdictions where we file tax returns.

The effective tax rate for the second quarter of 2012 was lower than the United States statutory rate due to the benefit of the overall lower tax rates in international jurisdictions where we file tax returns, as well as the continuation of tax synergies resulting from the Tommy Hilfiger acquisition, partially offset by state and local taxes.

Redeemable Non-Controlling Interest

As a result of the acquisition of Warnaco, we own a 51% interest in a joint venture in India, Premium Garments Wholesale Trading Private Limited (“CK India”), that is consolidated in our financial statements. The net income attributable to the redeemable non-controlling interest was $87,000 for the second quarter of 2013. Please refer to Note 5, “Redeemable Non-Controlling Interest,” in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion.

Twenty-Six Weeks Ended August 4, 2013 Compared With Twenty-Six Weeks Ended July 29, 2012

Total Revenue

Net sales in the twenty-six weeks ended August 4, 2013 were $3.707 billion as compared to $2.532 billion in the twenty-six week period of the prior year. The increase in net sales of $1.175 billion was due principally to the net effect of the following items:

- The aggregate addition of $832 million of net sales in our Calvin Klein North America and Calvin Klein International segments. The newly acquired Calvin Klein businesses contributed $807 million of this increase. In addition, our Calvin Klein North America retail business experienced a 5% increase in comparable store sales and our pre-acquisition Calvin Klein North America wholesale sportswear business had a double-digit increase in net sales. With respect to the Warnaco Calvin Klein jeans and underwear businesses, strength in China and Latin America was partially offset by continued weakness in Korea. The Calvin Klein European business remained under pressure, as the jeans business is in transition and continues to be weak in Spain and Italy, where it is primarily concentrated. Wholesale revenue in Europe decreased as we continued to rationalize our wholesale distribution to focus on accounts that we view as brand-enhancing and more creditworthy. In addition, net sales in the Calvin Klein International segment in the current year include a reduction of $30 million due to sales returns for certain Warnaco wholesale customers in Asia in connection with an initiative to reduce excess inventory levels.

- The aggregate addition of $114 million of net sales attributable to growth in our Tommy Hilfiger North America and Tommy Hilfiger International segments. Within the Tommy Hilfiger North America segment, net sales increased 11%, principally driven by comparable store sales growth of 6% and retail square footage expansion, combined with strong first quarter performance in the North America wholesale business. Net sales in the Tommy Hilfiger International segment increased 5% as compared to the prior year’s first half, driven by European retail comparable store sales growth of 5% and retail square footage expansion, partially offset by a revenue decline in Japan, where our efforts to strategically reposition the brand are continuing.

- The aggregate addition of $228 million of net sales in our Heritage Brands Wholesale and Heritage Brands Retail segments, driven by the net impact of: (i) the addition of $257 million of net sales in our Heritage Brands Wholesale segment attributed to Warnaco's Speedo swim product and Warner's and Olga women's intimate apparel businesses;(ii) strength in the Van Heusen and Izod men's wholesale sportswear businesses; (iii) a 9% decrease in retail comparable store sales due in large part to the continued weak performance of the Bass retail business and unseasonably cool weather in the Northeast and Midwest during the first quarter of 2013; and (iv) a negative impact of $36 million resulting from the 2012 exit from the Izod women's and Timberland wholesale sportswear businesses.

Royalty, advertising and other revenue in the twenty-six weeks ended August 4, 2013 decreased to $168 million from $232 million in the prior year's twenty-six week period due principally to the absence in 2013 of Warnaco royalty revenue subsequent to the acquisition date, as discussed above, combined with the expiration of a long-term contractual agreement related to royalties in the North American women's sportswear business. Partially offsetting these decreases was growth in Calvin Klein royalty, advertising and other revenue due to strength in women's sportswear, handbags and accessories, women's coats, outerwear and suits. Tommy Hilfiger royalty, advertising and other revenue increased $4 million due to growth across virtually all licensed product categories and regions.

We currently expect revenue in 2013 will be approximately $8.22 billion, inclusive of a reduction of $30 million due to sales returns for certain Warnaco wholesale customers in Asia in connection with an initiative to reduce excess inventory levels. Aggregate revenue for our Calvin Klein North America and Calvin Klein International segments in 2013 is projected to be approximately $2.72 billion, inclusive of the above-mentioned $30 million reduction, as compared to the 2012 amount of $1.150 billion. This increase is principally due to the revenue generated by the businesses acquired with Warnaco. Aggregate revenue for our Tommy Hilfiger North America and Tommy Hilfiger International segments in 2013 is expected to be approximately $3.42 billion as compared to the 2012 amount of $3.217 billion. Aggregate revenue for our Heritage Brands Wholesale and Heritage Brands Retail segments in 2013 is projected to be approximately $2.08 billion as compared to the 2012 amount of $1.676 billion. This increase is due principally to the revenue generated by the businesses acquired with Warnaco. The estimates of our revenue include the effects of the loss of Calvin Klein licensing revenue generated from Warnaco, and, as such, the royalty, advertising and other revenue generated by our Calvin Klein licensing business will decrease in 2013 as compared to 2012 due to the acquisition. This will also have a significant impact on our gross profit percentage on total revenue, as more fully discussed below.

Gross Profit on Total Revenue

Gross profit on total revenue in the twenty-six weeks ended August 4, 2013 was $1.978 billion, or 51.0% of total revenue, compared with $1.499 billion, or 54.3% of total revenue in the twenty-six week period of the prior year. This 330 basis point decrease was primarily due to the impact of the Warnaco acquisition, as (i) we recorded short-lived non-cash valuation adjustments in connection with the acquisition, which resulted in a decrease of approximately 130 basis points; (ii) we recorded sales returns for certain Warnaco wholesale customers in Asia in connection with an initiative to reduce excess inventory levels, which resulted in a decrease of approximately 40 basis points; (iii) our royalty, advertising and other revenue, which does not carry a cost of sales and has a gross profit percentage of 100%, significantly decreased for Calvin Klein and was replaced by the directly-operated Warnaco Calvin Klein jeans and underwear businesses, which do carry a cost of sales and have a large United States wholesale component (which generally operates at lower gross margins than our other businesses); and (iv) Warnaco's Speedo swim product and Warner's and Olga women's intimate apparel businesses principally operate in the United States and generate lower gross margins than our other businesses as mentioned above. Also negatively impacting gross profit on total revenue during the period was a reduction in the Tommy Hilfiger International segment due to underperformance in Japan and gross margin pressure experienced during the quarter in Europe. In addition, the Heritage Brands Retail segment experienced a significant gross margin decline as a result of higher promotional selling during the second quarter. Partially offsetting these decreases was an increase in gross margin related to the Tommy Hilfiger North America and pre-acquisition Calvin Klein North America businesses resulting principally from higher average unit retail selling prices.

We currently expect that the gross profit percentage on total revenue in 2013 will decrease significantly as compared with 2012 due to the Warnaco acquisition, which shifted Calvin Klein from principally a 100% gross margin licensing business to a lower gross margin directly-operated business, combined with the addition of the lower-margin wholesale Speedo swim product and Warner's and Olga intimate apparel businesses as discussed above. In addition, we expect the gross profit percentage in 2013 to decrease as a result of one-time short-lived non-cash valuation adjustments recorded in connection with the acquisition and our initiative to reduce excess inventory balances in the acquired Warnaco businesses.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses in the twenty-six weeks ended August 4, 2013 were $1.860 billion, or 48.0% of total revenue, as compared to $1.192 billion, or 43.1% of total revenue, in the twenty-six week period of the prior year. The 490 basis point increase in SG&A expenses as a percentage of total revenue was due principally to the net impact of (i) a 650 basis point increase due to acquisition, integration and restructuring costs incurred in connection with the Warnaco acquisition, of which 290 basis points were non-cash charges, principally related to short-lived valuation adjustments and amortization; partially offset by (ii) a decrease due to the addition of Warnaco's businesses, most of which are lower-expense wholesale businesses.

We currently expect that our SG&A expenses as a percentage of total revenue in 2013 will increase significantly as compared to 2012, due principally to the one-time costs expected to be incurred in connection with the acquisition, integration and related restructuring of Warnaco as described above, partially offset by a reduction in SG&A expenses as a percentage of revenue due to the addition of Warnaco's businesses, most of which are lower-expense wholesale businesses. Our SG&A expenses may also be significantly impacted by the amount of expense recorded for our pension plans due to the change in accounting method discussed above. Pension expense recorded throughout the year is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are recorded immediately in pension expense, generally in the fourth quarter of the year, which can create volatility in our operating results.

Equity in Income of Unconsolidated Affiliates, Net

The equity in income of unconsolidated affiliates, net in the twenty-six weeks ended August 4, 2013 was $3 million, as compared to $2 million during the twenty-six week period of the prior year. These amounts relate to our share of income from our joint ventures for the *Tommy Hilfiger* brand in China, India and Brazil. Our investments in these joint ventures are being accounted for under the equity method of accounting. Please refer to Note 4, "Investments in Unconsolidated Affiliates," in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion.

Debt Modification and Extinguishment Costs

We incurred costs totaling $40 million in the first quarter of 2013 related to the modification and extinguishment of our previously outstanding term loans and the replacement of such term loans with new senior secured credit facilities entered into in connection with the Warnaco acquisition. Please see the section entitled "Financing Arrangements" within "Liquidity and Capital Resources" below for a further discussion.

Interest Expense and Interest Income

Interest expense increased to $97 million in the twenty-six weeks ended August 4, 2013 from $58 million in the twenty-six week period of the prior year due principally to interest expense incurred on the term loans borrowed under new senior secured credit facilities and on the $700 million of 4 1/2% senior notes due 2022. Please see the section entitled "Financing Arrangements" within "Liquidity and Capital Resources" below for a further discussion. Interest income for the first half of 2013 increased to $4 million as compared to $470,000 in the first half of 2012, due principally to an increase in our average cash position during the period.

Net interest expense for the full year 2013 is currently expected to increase to $195 million to $200 million from $117 million in 2012, principally as a result of the term loans borrowed under new senior secured credit facilities and the issuance of the $700 million of 4 1/2% senior notes due 2022 mentioned above. We currently plan to make approximately $400 million of payments on our long-term debt during 2013, the majority of which will be voluntary. $182 million of these payments, the majority of which was voluntary, have already been made during the twenty-six weeks ended August 4, 2013.

Income Taxes

The effective tax rates for the twenty-six weeks ended August 4, 2013 and July 29, 2012 were (174.0)% and 26.4%, respectively. The effective income tax rate for the first half of 2013 decreased as compared to the first half effective income tax rate of the prior year, and was also lower than the United States Statutory rate, due to the net impact of non-recurring discrete items related to the Warnaco integration, state and local taxes and the benefit of the overall lower tax rates in international jurisdictions where we file tax returns. Since we had a pre-tax loss in the twenty-six weeks ended August 4, 2013, the discrete tax expense caused the effective income tax rate to be negative.

The effective income tax rate for the twenty-six weeks ended July 29, 2012 was lower than the United States statutory rate due to the benefit of the overall lower tax rates in international jurisdictions where we file tax returns and the continuation of the tax synergies resulting from the Tommy Hilfiger acquisition, partially offset by state and local taxes.

Redeemable Non-Controlling Interest

The net income attributable to the redeemable non-controlling interest in CK India owned by our minority partners was $126,000 for the first half of 2013. Please refer to Note 5, “Redeemable Non-Controlling Interest,” in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion.

LIQUIDITY AND CAPITAL RESOURCES

***Cash Flow Summary***

Cash at February 3, 2013 was $892 million, which included the proceeds from the $700 million senior notes offering undertaken in connection with the Warnaco acquisition. Cash at August 4, 2013 was $629 million, which included the impact of $2.993 billion of net proceeds from the new senior secured credit facilities entered into in connection with the Warnaco acquisition, offset by $2.180 billion of cash paid as consideration for the acquisition and $1.097 billion of debt payments made to repay all outstanding borrowings under our previously outstanding senior secured credit facilities and all of Warnaco’s previously outstanding long-term debt. In addition, cash at August 4, 2013 included the impact of $182 million of payments on our new senior secured credit facilities during the first half of 2013. Cash flow for the full year 2013 will be impacted by various factors in addition to those noted below in this “Liquidity and Capital Resources” section, including the amount of debt repayments we make in 2013.

As of August 4, 2013, approximately $477 million of cash and cash equivalents was held by international subsidiaries whose undistributed earnings are considered permanently reinvested. Our intent is to continue to reinvest these funds in international operations. If management decides at a later date to repatriate these funds to the United States, we would be required to pay taxes on these amounts based on applicable United States tax rates, net of foreign taxes already paid.

***Operations***

Cash provided by operating activities was $62 million in the first half of 2013 as compared with $207 million in the first half of the prior year. The decrease in cash provided by operating activities as compared to the prior year was primarily driven by the buildup of working capital associated with the newly acquired Warnaco businesses during the first half of 2013, combined with the payment of costs related to the Warnaco acquisition, integration and the related restructuring. Additionally, cash provided by operating activities in the current period includes a $30 million contribution to fund the defined benefit qualified pension plan we acquired as part of the Warnaco acquisition. The factors that affect our cash provided by operating activities have been significantly impacted by the Warnaco acquisition. In the future, we expect that our cash provided by operating activities will generally increase as a result of the acquisition. This increase will generally be used to pay down debt, as well as to fund additional capital spending to expand our businesses, most notably the Calvin Klein and Tommy Hilfiger businesses. In addition, the changes in the amount of cash provided and used related to our working capital will be more pronounced as a result of the Warnaco acquisition.

***Acquisition of Warnaco***

We completed our acquisition of Warnaco on February 13, 2013. We paid $2.180 billion in cash and issued approximately 8 million shares of our common stock, valued at $926 million, as consideration for the acquisition. In addition, we issued replacement stock awards related to employee stock-based compensation grants valued at $40 million and eliminated a $9 million pre-acquisition liability to Warnaco, both of which for accounting purposes are included in the total consideration of approximately $3.137 billion. The value of the replacement stock awards was determined by multiplying the estimated fair value of the Warnaco awards outstanding at the time of the acquisition, reduced by an estimated value of awards to be forfeited, by the proportionate amount of the vesting period that had lapsed as of the acquisition date.

We funded the cash portion and related costs of the acquisition, repaid all outstanding borrowings under our previously outstanding senior secured credit facilities and repaid all of Warnaco’s previously outstanding long-term debt with the net proceeds of (i) an offering during the fourth quarter of 2012 of $700 million of 4 1/2% senior notes due 2022; and (ii) $3.075 billion of term loans borrowed during the first quarter of 2013 under new senior secured credit facilities. See the discussion in the sections entitled “4 1/2% Senior Notes Due 2022” and “New Senior Secured Credit Facilities” below for further detail on these activities.

***Capital Expenditures***

Our capital expenditures in the first half of 2013 were $106 million compared to $82 million in the first half of 2012. The increase in the current year period related principally to investments in the operations we acquired with Warnaco and in combining Warnaco's infrastructure with ours. We currently expect that capital expenditures will increase for the full year 2013 to approximately $300 million as compared to $211 million in 2012, primarily driven by investments in Warnaco's existing infrastructure (including information systems, supply chain and facilities).

***Calvin Klein Contingent Purchase Price Payments***

In connection with our acquisition of Calvin Klein in 2003, we are obligated to pay Mr. Calvin Klein contingent purchase price payments based on 1.15% of total worldwide net sales (as defined in the agreement governing that acquisition, as amended) of products bearing any of the *Calvin Klein* brands with respect to sales made through February 12, 2018. A significant portion of the sales on which the payments to Mr. Klein are made are wholesale sales by us and our licensees and other partners to retailers. Such contingent purchase price payments totaled $27 million in the first half of 2013. We currently expect that such payments will be between $53 million and $55 million for the full year 2013.

***Dividends***

Our common stock currently pays annual dividends totaling $0.15 per share. Holders of our Series A convertible preferred stock participated in common stock dividends on an as-converted basis prior to their conversion of their preferred shares in 2012. The Series A convertible preferred stock has since been eliminated. Dividends on common stock totaled $9 million in the first half of 2013.

We currently project that cash dividends on our common stock for the full year 2013 will be approximately $12 million based on our current dividend rate, the number of shares of our common stock outstanding as of August 4, 2013 and our estimates of stock to be issued during the remainder of 2013 under our stock incentive plans.

***Financing Arrangements***

Our capital structure was as follows:

| **(in millions)** | August 4, 2013 | February 3, 2013 | July 29, 2012 |
|---|---|---|---|
| Short-term borrowings | $ 3 | $ 11 | $ 53 |
| Current portion of long-term debt | 85 | 88 | 88 |
| Capital lease obligations | 27 | 31 | 35 |
| Long-term debt | 4,195 | 2,212 | 1,715 |
| Stockholders' equity | 4,048 | 3,253 | 2,781 |

In addition, we had $629 million, $892 million and $262 million of cash and cash equivalents as of August 4, 2013, February 3, 2013 and July 29, 2012, respectively.

Short-Term Borrowings

One of our Asian subsidiaries has a Yen-denominated overdraft facility with a Japanese bank, which provides for borrowings of up to ¥1.000 billion ($10 million based on exchange rates in effect on August 4, 2013) and is utilized to fund working capital needs. Borrowings under the facility are unsecured and bear interest at the one-month Japanese interbank borrowing rate ("TIBOR") plus 0.15%. Such facility renews automatically unless we give notice of termination. There were no borrowings outstanding under this facility as of August 4, 2013. The maximum amount of borrowings outstanding under this facility during the twenty-six weeks ended August 4, 2013 was approximately $10 million.

One of our European subsidiaries acquired as part of the Warnaco acquisition has short-term revolving notes with a number of banks at various interest rates, as well as a Euro-denominated overdraft facility, which are used to fund working capital needs. The total amount of borrowings outstanding as of August 4, 2013 was $2 million. The weighted average interest rate on the funds borrowed at August 4, 2013 was 2.94%. The maximum amount of borrowings outstanding under these facilities during the twenty-six weeks ended August 4, 2013 was approximately $25 million.

One of our Asian subsidiaries acquired as part of the Warnaco acquisition has Rupee-denominated short-term revolving credit facilities with a local lender. These facilities provide for total borrowings of up to ₨195 million ($3 million based on exchange rates in effect on August 4, 2013) and are utilized to fund working capital needs. Borrowings under the facilities bear interest at various interest rates, primarily based on a base rate set by the lending bank. As of August 4, 2013, we had $1 million of borrowings outstanding under these facilities and the weighted average interest rate on the funds borrowed at August 4, 2013 was 10.44%. The maximum amount of borrowings outstanding under these facilities during the twenty-six weeks ended August 4, 2013 was approximately $3 million.

One of our Asian subsidiaries acquired as part of the Warnaco acquisition has a short-term $10 million revolving credit facility to be used to fund working capital needs. Borrowings under the facility bear interest at 1.75% plus the one-month London interbank borrowing rate (“LIBOR”). At the end of each month, amounts outstanding under this facility may be carried forward for additional one-month periods for up to one year. The facility was renewed in September 2012 and may be renewed annually in the future. The facility is subject to certain terms and conditions and may be terminated at any time at the discretion of the lender. There were no borrowings outstanding under this facility as of or during the twenty-six weeks ended August 4, 2013.

One of our Asian subsidiaries acquired as part of the Warnaco acquisition has a Won-denominated short-term revolving credit facility with one lender that provides for borrowings of up to ₩3.000 billion ($3 million based on exchange rates in effect on August 4, 2013) and is utilized to fund working capital needs. Borrowings under the facility bear interest at the three-month Cost of Funds Index rate plus a specified margin. There were no borrowings outstanding under this facility as of or during the twenty-six weeks ended August 4, 2013.

One of our Latin American subsidiaries acquired as part of the Warnaco acquisition has Real-denominated short-term revolving credit facilities with a number of banks that provide for total available borrowings of R$44 million ($19 million based on exchange rates in effect on August 4, 2013) and are utilized to fund working capital needs. Borrowings under the facilities bear interest at various interest rates. There were no borrowings outstanding under these facilities as of or during the twenty-six weeks ended August 4, 2013.

Capital Lease Obligations

Our cash payments for capital lease obligations totaled $5 million and $6 million during the first half of 2013 and the first half of 2012, respectively.

4 1/2% Senior Notes Due 2022

On December 20, 2012, we issued $700 million principal amount of 4 1/2% senior notes due December 15, 2022 in connection with the Warnaco acquisition. Interest on the 4 1/2% notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2013. We paid $16 million of fees in the first quarter of 2013 in connection with the issuance of these notes.

We may redeem some or all of these notes at any time prior to December 15, 2017 by paying a “make whole” premium plus any accrued and unpaid interest. Subject to certain conditions, we may also redeem up to 35% of these notes prior to December 15, 2015 with the net cash proceeds of certain equity offerings without having to pay a penalty or “make whole” premium. In addition, we may redeem some or all of these notes on or after December 15, 2017 at specified redemption prices plus any accrued and unpaid interest.

7 3/8% Senior Notes Due 2020

On May 6, 2010, we issued $600 million principal amount of 7 3/8% senior notes due May 15, 2020. Interest on the 7 3/8% notes is payable semi-annually in arrears.

We may redeem some or all of these notes on or after May 15, 2015 at specified redemption prices plus any accrued and unpaid interest. We may redeem some or all of these notes at any time prior to May 15, 2015 by paying a “make whole” premium plus any accrued and unpaid interest.

7 3/4% Debentures Due 2023

We have outstanding $100 million of debentures due on November 15, 2023 with a yield to maturity of 7.80%. The debentures accrue interest at the rate of 7 3/4%, which is payable semi-annually.

Prior Senior Secured Credit Facilities

On May 6, 2010, we entered into senior secured credit facilities, which were amended and restated on March 2, 2011 (“the amended facilities”). The amended facilities consisted of a Euro-denominated term loan A facility, a United States dollar-denominated term loan A facility, a Euro-denominated term loan B facility, a United States dollar-denominated term loan B facility, a United States dollar-denominated revolving credit facility and two multi-currency (one United States dollar and Canadian dollar, and the other Euro, Japanese Yen and British Pound) revolving credit facilities. The amended facilities provided for initial borrowings of up to an aggregate of approximately $1.970 billion (based on applicable exchange rates on March 2, 2011), consisting of (i) an aggregate of approximately $1.520 billion of term loan facilities; and (ii) approximately $450 million of revolving credit facilities.

We made payments of $90 million on our term loans under the amended facilities during the first half of 2012.

On February 13, 2013, in connection with the Warnaco acquisition, we modified and extinguished the amended facilities and repaid all outstanding borrowings thereunder, as discussed in the section entitled “New Senior Secured Credit Facilities” below.

New Senior Secured Credit Facilities

On February 13, 2013, simultaneously with and related to the closing of the Warnaco acquisition, we entered into new senior secured credit facilities (“the new facilities”), the proceeds of which were used to fund a portion of the acquisition, repay all outstanding borrowings under the amended facilities and repay all of Warnaco’s previously outstanding long-term debt. The new facilities consist of a $1.700 billion United States dollar-denominated Term Loan A (recorded net of an original issue discount of $7 million as of the acquisition date), a $1.375 billion United States dollar-denominated Term Loan B (recorded net of an original issue discount of $7 million as of the acquisition date) and senior secured revolving credit facilities in an aggregate principal amount of $750 million (based on the applicable exchange rates on February 13, 2013), consisting of (a) a $475 million United States dollar-denominated revolving credit facility, (b) a $25 million United States dollar-denominated revolving credit facility available in United States dollars or Canadian dollars and (c) a €186 million Euro-denominated revolving credit facility available in Euro, Pounds Sterling, Japanese Yen and Swiss Francs. In connection with entering into the new facilities and repaying all outstanding borrowings under the amended facilities and all of Warnaco’s previously outstanding long-term debt, we paid debt issuance costs of $67 million (of which $35 million was expensed as debt modification and extinguishment costs and $33 million will be amortized over the term of the related debt agreement) and recorded additional debt modification and extinguishment costs of $6 million to write-off previously capitalized debt issuance costs.

The revolving credit facilities include amounts available for letters of credit. As of August 4, 2013, we had drawn no revolving credit borrowings and approximately $79 million of letters of credit. A portion of both United States dollar-denominated revolving credit facilities is also available for the making of swingline loans. The issuance of such letters of credit and the making of any swingline loan reduces the amount available under the applicable revolving credit facility. So long as certain conditions are satisfied, we may add one or more term loan facilities or increase the commitments under the revolving credit facilities by an aggregate amount not to exceed the greater of (a) $750 million and (b) $1.250 billion as long as the ratio of our senior secured net debt to consolidated adjusted earnings before interest, taxes, depreciation and amortization (in each case calculated as set forth in the documentation relating to the new facilities) would not exceed 3 to 1 after giving pro forma effect to the incurrence of such increase, plus, in either case, an amount equal to the aggregate revolving commitments of any defaulting lender (to the extent the commitments with respect thereto have been terminated). The lenders under the new facilities are not required to provide commitments with respect to such additional facilities or increased commitments.

We made payments of $182 million on our term loans under the new facilities during the first half of 2013. As of August 4, 2013, we had total term loans outstanding of $2.880 billion, net of original issue discounts. The terms of each of Term Loan A and Term Loan B contain a mandatory quarterly repayment schedule. Due to the above-mentioned voluntary payments, we are not required to make any additional mandatory repayments under Term Loan B prior to maturity.

The outstanding borrowings under the new facilities are prepayable at any time without penalty. The terms of the new facilities require us to repay certain amounts outstanding thereunder with (a) net cash proceeds of the incurrence of certain indebtedness, (b) net cash proceeds of certain asset sales or other dispositions (including as a result of casualty or condemnation) that exceed certain thresholds, to the extent such proceeds are not reinvested or committed to be reinvested in the business in accordance with customary reinvestment provisions and (c) a percentage of excess cash flow, which percentage is based upon our net leverage ratio during the relevant fiscal period.

The United States dollar-denominated borrowings under the new facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a base rate determined by reference to the greater of (i) the prime rate, (ii) the United States federal funds rate plus 1/2 of 1.00% and (iii) a one-month adjusted Eurocurrency rate plus 1.00% (provided that, in the case of Term Loan B, in no event will the base rate be deemed to be less than 1.75%) or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities (provided that, in the case of Term Loan B, in no event will the adjusted Eurocurrency rate be deemed to be less than 0.75%).

Canadian dollar-denominated borrowings under the new revolving credit facilities bear interest at a rate equal to an applicable margin plus, as determined at our option, either (a) a Canadian prime rate determined by reference to the greater of (i) the rate of interest per annum that Royal Bank of Canada establishes at its main office in Toronto, Ontario as the reference rate of interest in order to determine interest rates for loans in Canadian Dollars to its Canadian borrowers and (ii) the sum of (x) the average of the rates per annum for Canadian Dollar bankers' acceptances having a term of one month that appears on the display referred to as "CDOR Page" of Reuters Monitor Money Rate Services as of 10:00 a.m. (Toronto time) on the date of determination, as reported by the administrative agent (and if such screen is not available, any successor or similar service as may be selected by the administrative agent), and (y) 0.75%, or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities.

The borrowings under the new revolving credit facilities in currencies other than United States dollars or Canadian dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the new facilities.

The current applicable margins are in the case of Term Loan A and the revolving credit facilities, 2.00% for adjusted Eurocurrency rate loans and 1.00% for base rate loans, as applicable. The applicable margins in the case of Term Loan B are fixed at 2.50% for adjusted Eurocurrency rate loans and 1.50% for base rate loans, respectively. After the date of delivery of the compliance certificate and financial statements with respect to our fiscal quarter ending August 4, 2013, the applicable margin for borrowings under Term Loan A and the revolving credit facilities is subject to adjustment based on our quarter-end net leverage ratio.

During the second quarter of 2013, we entered into an interest rate swap agreement for a three-year term commencing on August 19, 2013. The agreement was designed with the intended effect of converting an initial notional amount of $1.229 billion of our variable rate debt obligation under our United States dollar-denominated senior secured Term Loan A facility, or any replacement facility with similar terms, to fixed rate debt. Under the terms of the agreement for the then-outstanding notional amount, our exposure to fluctuations in the one-month LIBOR is eliminated, and we will pay a fixed rate of 0.604%, plus the current applicable margin.

During the second quarter of 2011, we entered into an interest rate swap agreement for a three-year term commencing on June 6, 2011. The agreement was designed with the intended effect of converting an initial notional amount of $632 million of our variable rate debt obligation under our previously outstanding United States dollar-denominated senior secured term loan A facility, or any replacement facility with similar terms, to fixed rate debt. Such agreement remains outstanding, with a notional amount of $437 million as of August 4, 2013, subsequent to the repayment of our previously outstanding amended facility and is now converting a portion of our variable rate debt obligation under our new Term Loan A facility to fixed rate debt. Under the terms of the agreement for the then-outstanding notional amount, our exposure to fluctuations in the three-month LIBOR is eliminated, and we will pay a fixed rate of 1.197%, plus the current applicable margin.

The outstanding notional amount of each interest rate swap will be adjusted according to pre-set schedules during the term of each swap agreement such that, based on our projections for future debt repayments, our outstanding debt under the Term Loan A facility is expected to always equal or exceed the then-outstanding combined notional amount of the interest rate swaps.

The new facilities contain covenants that restrict our ability to finance future operations or capital needs, to take advantage of other business opportunities that may be in our interest or to satisfy our obligations under our other outstanding debt. These covenants restrict our ability to, among other things:

- incur or guarantee additional debt or extend credit;
- make restricted payments, including paying dividends or making distributions on, or redeeming or repurchasing, our capital stock or certain debt;

- make acquisitions and investments;
- dispose of assets;
- engage in transactions with affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- create liens on our assets or engage in sale/leaseback transactions; and
- effect a consolidation or merger, or sell, transfer, or lease all or substantially all of our assets.

The new facilities require us to comply with certain financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the applicable facility. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable which would result in acceleration of our other debt. If we were unable to repay any such borrowings when due, the lenders could proceed against their collateral, which also secures some of our other indebtedness.

We are also subject to similar covenants and restrictions in connection with our other long-term debt agreements.

As of August 4, 2013, we were in compliance with all applicable financial and non-financial covenants.

Please refer to Note 8, "Debt," in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report for a schedule of mandatory long-term debt repayments over the next five years.

***Contractual Obligations***

Our contractual cash obligations reflected in the contractual obligations table included in Part I, Item 7 of our Annual Report on Form 10-K for the fiscal year ended February 3, 2013 have materially changed as a result of the acquisition of Warnaco. Our contractual cash obligations increased for principal and interest payments on the new debt issued in connection with financing the acquisition. Our balance of total long-term debt increased to $4.280 billion as of August 4, 2013 as compared to $2.300 billion as of February 3, 2013. Please refer to the discussion above in this "Liquidity and Capital Resources" section for a description of new debt obligations that were incurred in connection with financing the acquisition. As a result of Warnaco's large number of company-operated retail, office and warehouse locations worldwide, our contractual obligations have also increased for Warnaco's retail store, warehouse, showroom, office and equipment leases. Such future lease commitments for Warnaco totaled approximately $430 million as of August 4, 2013. We have increased our inventory purchase commitments and have also incurred severance payment obligations in connection with the acquisition of Warnaco. In addition, as a result of the acquisition of Warnaco, we have for certain current and former Warnaco employees a defined benefit pension plan (which plan is frozen), to which we contributed $30 million during the first half of 2013.

## SEASONALITY

Our business generally follows a seasonal pattern. Our wholesale businesses tend to generate higher levels of sales in the first and third quarters, while our retail businesses tend to generate higher levels of sales in the fourth quarter. Royalty, advertising and other revenue tends to be earned somewhat evenly throughout the year, although the third quarter has the highest level of royalty revenue due to higher sales by licensees in advance of the holiday selling season. We expect this seasonal pattern will generally continue, but due to our expansion into new regions as a result of the Warnaco acquisition seasonal fluctuations may be less volatile.

Due to the above factors, our operating results for the twenty-six weeks ended August 4, 2013 are not necessarily indicative of those for a full fiscal year.

## CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are outlined in Note 1, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended February 3, 2013. During the twenty-six weeks ended August 4, 2013, there were no significant changes to our critical accounting policies from those described in our Annual Report on Form 10-K for the year ended February 3, 2013.

## ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments held by us as of August 4, 2013 include cash and cash equivalents, short and long-term debt, foreign currency forward exchange contracts and interest rate swap agreements. Note 11, “Fair Value Measurements,” in the Notes to Consolidated Financial Statements included in Part I, Item 1 of this report outlines the fair value of our financial instruments as of August 4, 2013. Cash and cash equivalents held by us are affected by short-term interest rates. Due to the currently low rates of return we are receiving on our cash equivalents, the potential for a significant decrease in short-term interest rates is low and, therefore, a further decrease would not have a material impact on our interest income. However, there is potential for a more significant increase in short-term interest rates, which could have a more material impact on our interest income. Given our balance of cash and cash equivalents at August 4, 2013, the effect of a 10 basis point increase in short-term interest rates on our interest income would be approximately $600,000 annually. During the first quarter of 2013, we entered into new senior secured credit facilities and simultaneously repaid our previously outstanding amended facility. Borrowings under our new senior secured credit facilities bear interest at a rate equal to an applicable margin plus a variable rate. As such, our credit facilities expose us to market risk for changes in interest rates. As of August 4, 2013, approximately 45% of our total debt was at a fixed rate, with the remainder at variable rates. Given our debt position at August 4, 2013, the effect of a 10 basis point increase in interest rates on our interest expense would be approximately $1 million annually. As a result of the new interest rate swap agreement for a three-year term commencing on August 19, 2013, approximately 70% of our total debt will be at a fixed rate, with the remainder at variable rates. Given our debt position at August 19, 2013, the effect of a 10 basis point increase in interest rates on our interest expense would be less than $100,000 annually. Please refer to Note 8, “Debt,” in the Notes to Consolidated Financial Statements included in Part 1, Item 1 of this report for a further discussion of our new credit facilities and interest rate swap agreement.

Our Calvin Klein and Tommy Hilfiger businesses each have substantial international components, which expose us to significant foreign exchange risk. Accordingly, the impact of a strengthening United States dollar, particularly against the Euro, the Brazilian Real, the Japanese Yen, the Korean Won, the British Pound, the Canadian dollar, the Mexican Peso, the Indian Rupee and the Chinese Yuan, will have a negative impact on our results of operations. Our Calvin Klein and Tommy Hilfiger businesses purchase the majority of the products that they sell in United States dollars, which exposes the international operations of each of these businesses to foreign exchange risk as the United States dollar fluctuates. To help manage these exposures, we currently use and plan to continue to use foreign currency forward exchange contracts or other derivative instruments.

In addition, we have exposure to changes in foreign currency exchange rates on certain intercompany loans. We currently use and plan to continue to use foreign currency forward exchange contracts to mitigate this exposure.

## ITEM 4 - CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Operating & Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and our Chief Operating & Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including each of our Chief Executive Officer and Chief Operating & Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting during the period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

## ITEM 1 - LEGAL PROCEEDINGS

We are a party to certain litigations which, in management's judgment based in part on the opinions of legal counsel, will not have a material adverse effect on our financial position.

## ITEM 1A - RISK FACTORS

Please refer to Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended February 3, 2013 for a description of certain significant risks and uncertainties to which our business, operations and financial condition are subject. There have been no material changes to these risk factors as of August 4, 2013.

## ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | (a) Total Number of Shares (or Units) Purchased[1] | (b) Average Price Paid per Share (or Unit)[1] | (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| May 6, 2013 June 2, 2013 | 2,472 | $ 110.21 | — | — |
| June 3, 2013 July 7, 2013 | 299,794 | 120.86 | — | — |
| July 8, 2013 August 4, 2013 | 3,829 | 127.00 | — | — |
| Total | 306,095 | $ 120.85 | — | — |

[1] Our 2006 Stock Incentive Plan provides us with the right to deduct or withhold, or require employees to remit to us, an amount sufficient to satisfy any applicable tax withholding requirements applicable to stock-based compensation awards. To the extent permitted, employees may elect to satisfy all or part of such withholding requirements by tendering previously owned shares or by having us withhold shares having a fair market value equal to the minimum statutory tax withholding rate that could be imposed on the transaction. Substantially all shares shown in this table were withheld during the second quarter of 2013 in connection with the settlement of vested restricted stock units, restricted stock and performance share units to satisfy tax withholding requirements.

ITEM 6 - EXHIBITS

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); 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); 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); 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); Amendment to Certificate of Incorporation, filed June 20, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 28, 1996); Certificate of Amendment of Certificate of Incorporation, filed June 29, 2006 (incorporated by reference to Exhibit 3.9 to the Company's Quarterly Report on Form 10-Q for the period ended May 6, 2007); Certificate of Amendment of Certificate of Incorporation, filed June 23, 2011 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on June 29, 2011).

3.2 Certificate of Designation of Series A Cumulative Participating Preferred Stock, filed on June 10, 1986 (incorporated by reference to Exhibit A of the document filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1986).

3.3 Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Phillips-Van Heusen Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 26, 2003); Corrected Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Phillips-Van Heusen Corporation, dated as of April 17, 2003 (incorporated by reference to Exhibit 3.9 to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2003).

3.4 Certificate Eliminating Reference to Series B Convertible Preferred Stock From Certificate of Incorporation of Phillips-Van Heusen Corporation, filed on June 12, 2007 (incorporated by reference to Exhibit 3.10 to the Company's Quarterly Report on Form 10-Q for the period ended May 6, 2007).

3.5 Certificate Eliminating Reference to Series A Cumulative Participating Preferred Stock From Certificate of Incorporation of Phillips-Van Heusen Corporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed on September 28, 2007).

3.6 Certificate of Designations of Series A Convertible Preferred Stock of Phillips-Van Heusen Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 12, 2010).

3.7 By-Laws of Phillips-Van Heusen Corporation, as amended through February 2, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on February 3, 2012).

3.8 Certificate Eliminating Reference to Series A Convertible Preferred Stock From Certificate of Incorporation of PVH Corp. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed on May 3, 2013).

4.1 Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 31, 2011).

| | |
|---|---|
| 4.2 | Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation 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); First Supplemental Indenture, dated as of October 17, 2002 to Indenture dated as of November 1, 1993 between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.15 to the Company’s Quarterly Report on Form 10-Q for the period ended November 3, 2002); Second Supplemental Indenture, dated as of February 12, 2002 to Indenture, dated as of November 1, 1993, between Phillips-Van Heusen Corporation and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.2 to the Company’s Current Report on Form 8-K, filed on February 26, 2003); Third Supplemental Indenture, dated as of May 6, 2010, between Phillips-Van Heusen Corporation and The Bank of New York Mellon (formerly known as The Bank of New York), as Trustee (incorporated by reference to Exhibit 4.16 to the Company’s Quarterly Report on Form 10-Q for the period ended August 1, 2010). |
| 4.3 | Securities Purchase Agreement, dated as of March 15, 2010, by and among Phillips-Van Heusen Corporation, LNK Partners, L.P. and LNK Partners (Parallel), L.P. (incorporated by reference to Exhibit 4.10 to the Company’s Quarterly Report on Form 10-Q for the period ended May 2, 2010). |
| 4.4 | Securities Purchase Agreement, dated as of March 15, 2010, by and between Phillips-Van Heusen Corporation and MSD Brand Investments, LLC (incorporated by reference to Exhibit 4.11 to the Company’s Quarterly Report on Form 10-Q for the period ended May 2, 2010). |
| 4.5 | Stockholders Agreement, dated as of May 6, 2010, by and among Phillips-Van Heusen Corporation, LNK Partners, L.P. and LNK Partners (Parallel), L.P. (incorporated by reference to Exhibit 4.13 to the Company’s Quarterly Report on Form 10-Q for the period ended August 1, 2010). |
| 4.6 | Stockholder Agreement, dated as of May 6, 2010, by and between Phillips-Van Heusen Corporation and MSD Brand Investments, LLC. (incorporated by reference to Exhibit 4.14 to the Company’s Quarterly Report on Form 10-Q for the period ended August 1, 2010). |
| 4.7 | Indenture, dated as of May 6, 2010, between Phillips-Van Heusen Corporation and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.15 to the Company’s Quarterly Report on Form 10-Q for the period ended August 1, 2010). |
| 4.8 | First Supplemental Indenture, dated as of November 8, 2012, to Indenture dated as of May 6, 2010, between PVH Corp. (formerly known as “Phillips-Van Heusen Corporation”) and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.9 to the Company’s Annual Report on Form 10-K for the fiscal year ended February 3, 2013). |
| 4.9 | Indenture, dated as of December 20, 2012, between PVH Corp. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K, filed on December 20, 2012). |
| 4.10 | Fourth Supplemental Indenture, dated as of February 13, 2013 to Indenture, dated as of November 1, 1993, between PVH Corp. and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.11 to the Company’s Quarterly Report on Form 10-Q for the period ended May 5, 2013). |
| 10.1 | PVH Corp. Performance Incentive Bonus Plan, as amended and restated effective May 2, 2013 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed June 26, 2013). |
| 10.2 | PVH Corp. Long-Term Incentive Plan, as amended and restated effective May 2, 2013 (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed June 26, 2013). |
| +10.3 | Third Amended and Restated Employment Agreement, dated as of July 1, 2013, between Calvin Klein, Inc. and Paul Thomas Murry. |
| +10.4 | Amended and Restated Employment Agreement, dated as of July 23, 2013, between PVH B.V. and Fred Gehring. |

| | |
|---|---|
| +31.1 | Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002. |
| +31.2 | Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002. |
| *,+32.1 | Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350. |
| *,+32.2 | Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350. |
| +101.INS | XBRL Instance Document |
| +101.SCH | XBRL Taxonomy Extension Schema Document |
| +101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| +101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| +101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| +101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

+Filed or furnished herewith.

* Exhibits 32.1 and 32.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

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.

| | |
|---|---|
| | PVH CORP. |
| | Registrant |
| Dated: September 12, 2013 | /s/ Bruce Goldstein |
| | Bruce Goldstein |
| | Senior Vice President and Controller (Chief Accounting Officer) |

## Exhibit Index

| Exhibit | Description |
|---|---|
| 10.3 | Third Amended and Restated Employment Agreement, dated as of July 1, 2013, between Calvin Klein, Inc. and Paul Thomas Murry. |
| 10.4 | Amended and Restated Employment Agreement, dated as of July 23, 2013, between PVH B.V. and Fred Gehring. |
| 31.1 | Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002. |
| 31.2 | Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002. |
| 32.1 | Certification of Emanuel Chirico, Chairman and Chief Executive Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350. |
| 32.2 | Certification of Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer, pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

# THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement"), dated as of July 1, 2013, between CALVIN KLEIN, INC., a New York corporation ("CKI," together with its affiliates, including, without limitation, its parent corporation, PVH Corp. (the "Company"; the Company shall refer to CKI or PVH Corp. ("PVH") or PVH and its affiliates and subsidiaries, including CKI, collectively, as the context may require), and PAUL THOMAS MURRY (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company has previously entered into a Second Amended and Restated Employment Agreement with the Executive, dated as of December 23, 2008 and as further amended from time to time (the "Existing Agreement"), and the parties desire to amend and restate the Existing Agreement to make certain changes to the Existing Agreement so as to ensure that the Executive is retained in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be employed by the Company on the terms and conditions set forth herein, and agrees that this Agreement shall amend and supercede the terms and conditions of the Existing Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Employment.

(a) Effective Date. This Agreement shall be effective as of July 1, 2013 (the "Effective Date").

(b) Employment Period. The Company agrees to continue to employ the Executive, and the Executive agrees to continue to be employed by the Company, in accordance with the terms and conditions hereof for a four-year period commencing on the Effective Date and ending on the fourth anniversary of the Effective Date (the "Original Term") and, in the event that the parties mutually agree at any time prior to end of the Original Term, for an additional one-year extension period (such one-year period, together with the Original Term, the "Term"), subject to earlier termination in accordance with the provisions of Section 3. The Executive shall be an employee at will and this Agreement shall not constitute a guarantee of employment. Each of the parties acknowledges and agrees that either party may terminate the Executive's employment at any time, for any reason, with or without Cause (as defined in Section 3(a)). The period commencing on the Effective Date and ending on the first to occur of the end of the Term or the effective date of the termination of the Executive's employment is hereinafter referred to as the "Employment Period."

(c) Position and Duties.

(i) During the period commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Initial Period"), (A) the Executive shall serve as Chief Executive Officer of CKI, with such duties and responsibilities as shall from time to time be assigned to him and as are consistent and commensurate with his title and position, (B) the Executive's services shall be performed at the Company's headquarters in New York, New York or such other location as may be mutually agreed between the Company and the Executive, except for travel, and visits to Company offices and facilities worldwide, reasonably required to attend to the Company's business, and (C) the Executive shall serve on the Company's Operating Committee; *provided*, *however*, that the Company may disband the Operating Committee at any time prior to a Change in Control (as hereinafter defined); *provided further*, that after the

Initial Period, the Executive shall serve on the Company's Operating Committee at the discretion of the principal executive officer of PVH (“PVH's CEO”).

(ii) During the Initial Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote substantially all of his business attention and time (with business time determined in accordance with the Company's usual and customary standards for its senior executives) to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and conscientiously such responsibilities. During the Employment Period, the Executive shall be entitled to serve as a member of the board of directors of a reasonable number of other companies, to serve on civic and charitable boards and to manage his personal and family investments, in each case, to the extent such activities do not materially interfere, in the reasonable judgment of PVH's Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise (the “Board”)), with the performance of his duties for the Company and are otherwise consistent with the Company's governance policies.

(iii) In addition to the duties and responsibilities outlined in Sections 1(c)(i) and 1(c)(ii) above, it is acknowledged and agreed that during the Initial Period, the Executive is expected to train a successor Chief Executive Officer of CKI and to fully transition his responsibilities to such person on the third anniversary of the Effective Date (the “Transition Date”). Prior to the Transition Date, the Executive shall report regularly to the PVH's CEO on the progress of the development of the Executive's successor and provide for appropriate interactions between the successor and PVH's CEO. On the Transition Date, the Executive shall transition to the role of “Executive Chairman of CKI” and shall no longer hold the title of “Chief Executive Officer of CKI.” As Executive Chairman of CKI, the Executive shall be involved in establishing the overall strategy of CKI but shall no longer be responsible for day-to-day operations of CKI. The Executive shall also serve as an advisor to his successor to the role of Chief Executive Officer of CKI. Following the Transition Date, the Executive's working hours shall be reduced to 50% of his working hours prior to the Transition Date (although the Executive's responsibilities may from time to time require that the Executive's working hours be adjusted by plus or minus 10%) or approximately two to three days per business week; *provided*, *however*, that in no event will the Executive work less than 1,000 hours per year. For the avoidance of doubt, it is the intent of the parties that the Executive's transition to the role of Executive Chairman of CKI shall not constitute a “separation from service” (within the meaning of Section 409A (as defined below)). Following the Transition Date, (A) the Executive's services shall be performed at the Company's headquarters in New York, New York or such other location as may be mutually agreed between the Company and the Executive, except for travel, and visits to Company offices and facilities worldwide, reasonably required to attend to the Company's business, and (B) the Executive may regulate his working hours as he reasonably determines so long as he continues to satisfy his responsibilities pursuant to this Agreement.

2. Compensation.

(a) Base Salary. During the Employment Period and prior to the Transition Date, the Company shall pay the Executive a salary at the annual rate of $1,000,000 (“Base Salary”), payable in accordance with the normal payroll procedures of the Company in effect from time to time. The Executive's Base Salary shall be reviewed for increase at least annually by the Board pursuant to its normal performance review policies for senior executives. Except as otherwise provided in the following sentence, the Base Salary shall not be reduced after any increase. From and after the Transition Date, the Base Salary shall be reduced by 50%. If the Executive remains as Executive Chairman of CKI for more than one year beyond the Initial Period, the Base Salary, as reduced pursuant to the foregoing sentence, may (but is not required to) be reviewed for increase by the Board. The term Base Salary as utilized in this Agreement shall refer to the Executive's annual base salary as then in effect.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock plans and other incentive compensation programs for similarly situated executives (collectively, “Plans”), to the extent that the Executive is qualified to participate in any such Plan under the generally applicable provisions thereof in effect from time to time; *provided, however*, that it is acknowledged and agreed that the Executive will receive an option to purchase shares of the Company's common stock in PVH's 2013 fiscal year as described in Section 2(e) and no further option awards will be made to him in PVH's 2013, 2014 or 2015 fiscal years. The Executive acknowledges and agrees that eligibility to participate in a Plan is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan.

(i) Notwithstanding anything herein to the contrary, the Executive acknowledges and agrees that following the Transition Date, the Executive's bonus opportunity under any such Plan shall be reduced by 50%; *provided, however*, that the Executive shall be eligible to receive with respect to the year in which the Transition Date occurs any bonus earned multiplied by a fraction, the numerator of which is equal to the sum of (A) the number of days during the year prior to the Transition Date plus (B) the product of (x) the number of days during such year from and after the Transition Date multiplied by (y) 0.5 and the denominator of which is 365.

(ii) To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the PVH's CEO and/or the Board, as appropriate, may determine all terms of participation (including, without limitation, the type and size of any award, payment or other compensation and the timing and conditions of receipt thereof by the Executive) in PVH's CEO's or the Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board from amending or terminating any and all Plans in its sole and absolute discretion. Except as otherwise provided herein, the terms of each Plan shall govern the Executive's rights and obligations thereunder during the Executive's employment and upon the termination thereof. Without limiting the generality of the foregoing, the definition of “Cause” hereunder shall not supersede the definition of “cause” in any Plan (unless the Plan expressly defers to the definition of “cause” under an executive's employment agreement) and any rights of the Executive hereunder upon and subsequent to the termination of the Executive's employment shall be in addition to, and not in lieu of, any right of the Executive under any Plan then in effect upon or subsequent to a termination of employment.

(c) Benefits. The Executive shall be eligible to participate in all employee benefit and insurance plans sponsored or maintained by the Company for similarly situated executives (including any savings, retirement, life, health and disability plans), to the extent that the Executive is qualified to participate in any such plan under the generally applicable provisions thereof in effect from time to time. Nothing herein shall be deemed to prohibit the Company or the Board from amending or terminating any such plan in its sole and absolute discretion. Except as otherwise provided herein, the terms of each such plan shall govern the Executive's rights and obligations thereunder during the Executive's employment and upon the termination thereof.

(d) Expenses. The Company shall pay or reimburse the Executive for reasonable expenses incurred or paid by the Executive in the performance of the Executive's duties hereunder in accordance with the generally applicable policies and procedures of the Company, as in effect from time to time and subject to the terms and conditions thereof. Such procedures include the reimbursement of approved expenses within 30 days after approval. Section 409A (as defined in Section 7(l)) prohibits reimbursement payments from being made any later than the end of the calendar year following the calendar year in which the applicable expense is incurred or paid. Also under Section 409A (i) the amount of expenses eligible for reimbursement during any calendar year may not affect the amount of expenses eligible for reimbursement in any other calendar year, and (ii) the right to reimbursement under this Section 2(d) cannot be subject to liquidation or exchange for another benefit.

(e) Option Award. As consideration for the Executive's agreement to enter into this Agreement, the Executive shall be granted on the first business day of the month following the Effective Date an award of a stock option with a fair market value on the date of grant of approximately $1,000,000, such award to be granted in accordance with and under the Company's 2006 Stock Incentive Plan and subject to the terms and conditions set forth in the applicable option agreement (the “Option”). The Option shall vest as to one-third of the shares underlying the Option on each of the first, second and third anniversaries of the Effective Date. The Option shall not be subject to accelerated vesting upon retirement.

(f) Clothing Allowance. The Executive shall be eligible to participate in any clothing allowance program developed for executives of CKI, the terms of such participation to be established by the Company.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as described in this Section 3. A termination of employment shall mean that the Executive has ceased to provide any services as an employee of the Company.

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment with the Company at any time for Cause. Upon such termination, the Company shall have no further obligation to the Executive hereunder except for the payment or provision, as applicable, of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(d), and (iii) other payments, entitlements or benefits, if any, in accordance with terms of the applicable plans, programs, arrangements or other agreements of the Company or any affiliate thereof (other than any severance plan or policy) as to which the Executive held rights to such payments, entitlements or benefits, whether as a participant, beneficiary or otherwise on the date of termination ("Other Benefits”). For the avoidance of doubt, the Executive shall have no right to receive any amounts under the Company's severance policy upon his termination for Cause.

(i) For purposes of this Agreement, “Cause” shall be defined as: (1) gross negligence or willful misconduct, as the case may be, in the performance of the material responsibilities of the Executive's office or position, which results in material economic harm to the Company or its affiliates or in material reputational harm causing demonstrable injury to the Company or its affiliates; (2) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or any affiliate (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Company that specifically identifies the manner in which the Board or the Company believes that the Executive has not substantially performed the Executive's duties, and the Executive has not cured such failure to the reasonable satisfaction of the Board or the Company within 20 days following the Executive's receipt of such written demand; (3) the Executive is convicted of, or pleads guilty or nolo contendere to, a felony within the meaning of U.S. Federal, state or local law (other than a traffic violation); (4) the Executive having willfully divulged, furnished or made accessible to anyone other than the Company, its directors, officers, employees, auditors and legal advisors, otherwise than in the ordinary course of business, any Confidential Information (as hereinafter defined); or (5) any act or failure to act by the Executive, which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting for the Company.

(ii) For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered “willful” unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Board or PVH's CEO or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(b) Termination without Cause by the Company or for Good Reason by the Executive Prior to a Change in Control. The Company may also terminate the Executive's employment with the Company at any time without Cause, and the Executive may terminate his employment with the Company at any time for Good Reason (as defined in Section 3(f)(i)(B)). For the avoidance of doubt, the expiration of the Term (including the decision of either or both parties not to extend the Original Term pursuant to Section 1(b)) shall be deemed to be a retirement and shall not constitute a termination without Cause by the Company or constitute the basis for the Executive to terminate his employment for Good Reason.

(i) If the Company terminates the Executive's services without Cause or the Executive terminates his employment with the Company for Good Reason, other than during the two-year period following a Change in Control (as defined in Section 3(f)(i)(A)), the Executive shall be entitled to receive from the Company (W) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any); (X) all unreimbursed expenses (if any), subject to Section 2(d); (Y) an aggregate amount (the "Severance Amount") equal to one and a half (1.5) times the sum of (1) the Base Salary plus (2) an amount equal to the bonus that would be payable if "target" level performance were achieved under the Company's annual bonus plan (if any) in respect of the fiscal year during which the termination occurs (or the prior fiscal year if bonus levels have not yet been established for the year of termination); and (Z) the payment or provision of any Other Benefits. The Severance Amount shall be paid in 36 substantially equal payments, and on the same schedule that Base Salary was paid immediately prior to the Executive's date of termination, commencing on the first such scheduled payroll date that occurs on or following the date that is 30 days after the Executive's termination of employment, subject to the Executive's compliance with the requirement to deliver the release contemplated pursuant to Section 4(a). Each such installment payment shall be treated as a separate payment as defined under Treasury Regulation §1.409A-2(b)(2). If the Executive is a "specified employee" (as determined under the Company's policy for identifying specified employees) on the date of his "separation from service" (within the meaning of Section 409A) and if any portion of the Severance Amount would be considered "deferred compensation" under Section 409A, all payments of the Severance Amount (other than payments that satisfy the short-term deferral rule, as defined in Treasury Regulation §1.409A-1(b)(4), or that are treated as separation pay under Treasury Regulation §1.409A-1(b)(9)(iii) or §1.409A-1(b)(9)(v)) shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service. The first payment that can be made shall include the cumulative amount of any amounts that could not be paid during such six-month period. In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on all payments not paid to the Executive prior to the first business day after the sixth month anniversary of his separation from service that otherwise would have been paid during such six-month period had this delay provision not applied to the Executive and shall be paid with the first payment after such six-month period. Notwithstanding the foregoing, payments delayed pursuant to this six-month delay requirement shall commence earlier in the event of the Executive's death prior to the end of the six-month period. For purposes hereof, the Executive shall have a "separation from service" upon his death or other termination of employment for any reason.

(ii) In addition, if the Company terminates the Executive's employment with the Company without Cause or the Executive terminates his employment with the Company for Good Reason, then the Company shall also provide to the Executive, during the 18-month period following the Executive's date of termination, medical, dental, life and disability insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical, dental, life and disability insurance coverage carried by the Company for the Executive and the members of his family immediately prior to such termination of employment; *provided, however*, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life or disability insurance coverage from any other employer during such period, but the Executive shall not have any obligation to seek or accept employment during such period, whether or not any such employment would provide comparable medical and dental insurance coverage; and *provided further, however*, that the Executive shall be obligated to pay an amount equal to the active employee contribution, if any, for each such coverage.

(iii) For the avoidance of doubt, (x) the payment of the Severance Amount shall be in lieu of any amounts payable under the Company's severance policy (as then in effect) and the Executive hereby waives any and all rights thereunder and (y) if a termination of employment covered by Section 3(b) occurs at any time from and after the Transition Date, then the Severance Amount shall be calculated using the post-Transition Date reduced Base Salary and target level bonus opportunity provided pursuant to Sections 2(a) and 2(b)(i).

(c) Termination by Voluntary Resignation (without Good Reason) by the Executive. The Executive may terminate his employment with the Company without Good Reason at any time by voluntary resignation. Upon such termination, the Company shall have no further obligation to the Executive hereunder except for the payment of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(d), and (iii) the payment or provision of any Other Benefits. Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation (other than for Good Reason). The Company shall continue to pay the Executive his Base Salary during such 90-day period. Notwithstanding the foregoing, the Company, in its sole and absolute discretion, may waive the requirement for prior notice of the Executive's resignation or decrease the notice period, in which event the Company shall have no continuing obligation to pay the Executive's Base Salary or shall only have such obligation with respect to the shortened period, as the case may be.

(d) Disability. The Executive's employment shall be terminable by the Company, subject to applicable law and the Company's short-term and long-term disability policies then in effect, if the Executive becomes physically or mentally disabled, whether totally or partially, such that he is prevented from performing his usual duties and services hereunder for a period of 180 consecutive days as determined by a medical doctor selected by the Company and reasonably acceptable to the Executive or his legal representative (“Disability”). If the Executive's employment is terminated by the Company due to his Disability, the Company shall have no further obligation to the Executive hereunder, except for the payment to the Executive or his legal guardian or representative, as appropriate, of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(d), and (iii) the payment or provision of any Other Benefits.

(e) Death. If the Executive shall die during the Employment Period, this Agreement shall terminate on the date of the Executive's death and the Company shall have no further obligation to the Executive hereunder except for the payment to the Executive's estate of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(d) and (iii) the payment or provision of any Other Benefits.

(f) Termination by the Company without Cause or by the Executive For Good Reason Subsequent to a Change in Control.

(i) For purposes of this Agreement, the following terms shall have the meanings set forth below:

(A) “**Change in Control**” shall be deemed to occur upon the first to occur of the following events:

(1) Any “person” (as such term is used in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934 (the “Exchange Act”)), other than a “person”

who as of the Effective Date was the owner of at least 8% of the combined voting power of the then-outstanding voting securities of PVH entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”), becomes (A) a “beneficial owner,” as such term is used in Rule 13d-3 of the Exchange Act, of at least one-quarter but less than one-half of the Outstanding Company Voting Securities, unless such acquisition has been approved within thirty (30) days thereafter by at least a majority of the Incumbent Board (as defined in clause (2) below taking into account the provisos), or (B) a “beneficial owner,” as such term is used in Rule 13d-3 of the Exchange Act, of at least one-half of the Outstanding Company Voting Securities; *provided, however*, that, for purposes of this Section 3(f)(i)(A)(1), the following acquisitions shall not constitute a Change in Control: (I) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its affiliates, or (IV) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of Section 3(f)(i)(A)(3) below;

(2) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(3) Consummation of a reorganization, merger, consolidation or a sale or other disposition of all or substantially all of the assets of PVH (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the outstanding shares of common stock of PVH (the “Outstanding Company Common Stock”) and the Outstanding Company Voting Securities, immediately prior to such Business Combination, beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and more than 50% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns PVH or all or substantially all of PVH's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns directly or indirectly, 20% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Business Combination or the outstanding voting securities of such corporation entitled to vote generally in the election of directors, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the

Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination, whichever occurs first; or

(4) The approval by the stockholders of PVH of a complete liquidation or dissolution of PVH.

(B) "**Good Reason**" shall mean the occurrence of any of the following events or circumstances without the Executive's prior written consent:

(1) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1(c) (or following a Change in Control, as in effect immediately prior to such Change in Control), or any other action by the Company that results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive and the assignment of additional or alternate duties or responsibilities to the Executive in connection with his professional development or the reallocation of some of the Executive's duties or responsibilities to other executives of the Company in connection with the evolution of the Executive's position; *provided, however*, that the Executive's removal from the Company's Operating Committee (including the Executive's removal from, or failure to be appointed to, any analogous committee of any successor to the Company following a Change in Control) shall be conclusively presumed to a material diminution of the Executive's authority, duties and responsibilities;

(2) a reduction of the Executive's Base Salary;

(3) the taking of any action by the Company that substantially diminishes (A) the aggregate value of the Executive's total compensation opportunity, and/or (B) the aggregate value of the employee benefits provided to the Executive pursuant to the Company's employee benefit and insurance plans as in effect on the Effective Date (or, following a Change in Control, as in effect immediately prior to such Change in Control);

(4) the Company requiring that the Executive's services be rendered primarily at a location or locations more than 35 miles from the location set forth in Section 1(c), except for travel, and visits to Company offices and facilities worldwide, reasonably required to attend to the Company's business; or

(5) the failure of the Company to require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

For the avoidance of doubt, the Executive's transition to the role of Executive Chairman of CKI pursuant to Section 1(c)(iii) will not be regarded as constituting Good Reason and, from and after the Transition Date, the determination of whether "Good Reason" exists shall be determined by reference to the Executive's new and adjusted position, authority, duties, responsibilities, compensation and other terms and conditions of employment, as provided in Sections 1(c)(iii), 2(a), 2(b), 2(e), 3(b)(i) and 3(f)(ii), as applicable.

(ii) If within two years after the occurrence of a Change in Control, the Executive terminates his employment with the Company for Good Reason or the Company terminates the Executive's employment for any reason other than death, Disability or Cause, the Company (or the then former Company subsidiary employing the Executive), or the consolidated, surviving or transferee person in the event of a Change in Control pursuant to a consolidation, merger or sale of assets, the Executive shall be entitled to receive from the Company (A) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any); (B) all unreimbursed expenses (if any), subject to Section 2(d); (C) an aggregate amount (the "Change in Control Severance Amount") equal to two times the sum of (I) the Base Salary plus (II) an amount equal to the bonus that would be payable if the "target" level performance were achieved under the Company's annual bonus plan (if any) in respect of the fiscal year during which the termination occurs (or the prior fiscal year if bonus levels have not yet been established for the year of termination); and (D) the payment or provision of any Other Benefits. The Change in Control Severance Amount shall be paid (x) in a lump sum, if the Change in Control event constitutes a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (each within the meaning of Section 409A), or (y) in 48 substantially equal payments, if the Change in Control event does not so comply with Section 409A. The lump sum amount shall be paid, or the installment payments shall commence, as applicable, on the first scheduled payroll date (in accordance with the Company's payroll schedule in effect for the Executive immediately prior to such termination) that occurs on or following the date that is 30 days after the Executive's termination of employment; *provided, however*, that the payment of such severance amount is subject to the Executive's compliance with the requirement to deliver the release contemplated pursuant to Section 4(a). Any such installment payment shall be treated as a separate payment as defined under Treasury Regulation §1.409A-2 (b)(2). If the Executive is a "specified employee" (as determined under the Company's policy for identifying specified employees) on the date of his "separation from service" (within the meaning of Section 409A) and if any portion of the severance amount described in clause (C) would be considered "deferred compensation" under Section 409A, such severance amount shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service (unless any such payment(s) shall satisfy the short-term deferral rule, as defined in Treasury Regulation §1.409A-1(b)(4), or shall be treated as separation pay under Treasury Regulation §1.409A-1(b)(9)(iii) or §1.409A-1(b)(9)(v)). If paid in installments, the first payment that can be made shall include the cumulative amount of any amounts that could not be paid during such six-month period. In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on such lump sum amount or installment payments, as applicable, not paid to the Executive prior to the first business day after the sixth month anniversary of his separation from service that otherwise would have been paid during such six-month period had this delay provision not applied to the Executive and shall be paid at the same time at which the lump sum payment or the first installment payment, as applicable, is made after such six-month period. Notwithstanding the foregoing, a payment delayed pursuant to the preceding three sentences shall commence earlier in the event of the Executive's death prior to the end of the six-month period. Upon the termination of employment with the Company for Good Reason by the Executive or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, Disability or Cause, in either case within two years after the occurrence of a Change in Control, the Company (or the then former Company subsidiary employing the Executive), or the consolidated, surviving or transferee person in the event of a Change in Control pursuant to a consolidation, merger or sale of assets, shall also provide, for the period of two consecutive years commencing on the date of such termination of employment, medical, dental, life and disability insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical, dental, life and disability insurance coverage carried by the Company for the Executive and the members of his family either immediately prior to such termination of employment or immediately prior to the occurrence of such Change in Control, whichever is greater; *provided, however*, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life or disability insurance coverage from any other employer during such two-year period, but the Executive shall not have any obligation to seek or accept employment during such two-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. For the avoidance of doubt, (X) the amounts payable under clause (C) of this Section 3(f)(ii) as severance shall be in lieu of any amounts payable under the Company's severance policy and the Executive hereby waives any and all rights thereunder and (Y) if a termination of employment covered by Section 3(f) occurs at any time from and after the Transition Date, then the Change In Control Severance Amount shall be calculated using the post-Transition Date reduced Base Salary and target level bonus opportunity provided pursuant to Sections 2(a) and 2(b)(i).

(iii) Excise Taxes. Notwithstanding anything in the foregoing to the contrary, if Independent Tax Counsel (as that term is defined below) determines that the aggregate payments and benefits provided or to be provided to the Executive pursuant to this Agreement, and any other payments and benefits provided or to be provided to the Executive from the Company or affiliates or any successors thereto constitute “parachute payments” as defined in Section 280G (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended (the “Code” and any such payments and benefits, “Parachute Payments”) that would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then, except as otherwise provided in the next sentence, such Parachute Payments shall be reduced to the extent the Independent Tax Counsel shall determine is necessary (but not below zero) so that no portion thereof shall be subject to the Excise Tax. If Independent Tax Counsel determines that the Executive would receive in the aggregate greater payments and benefits on an after tax basis if the Parachute Payments were not reduced pursuant to this Section 3(f)(iii), then no such reduction shall be made. The determination of which payments or benefits shall be reduced to avoid the Excise Tax shall be made by the Independent Tax Counsel, provided that the Independent Tax Counsel shall reduce or eliminate, as the case may be, payments or benefits in the order that it determines will produce the required reduction in total Parachute Payments with the least reduction in the after-tax economic value to the Executive of such payments. If the after-tax economic value of any payments are equivalent, such payments shall be reduced in the inverse order of when the payments would have been made to the Executive until the reduction specified herein is achieved. The determination of the Independent Tax Counsel under this Section 3(f)(iii) shall be final and binding on all parties hereto. For purposes of this Section 3(f)(iii), “Independent Tax Counsel” shall mean a lawyer, a certified public accountant with a nationally recognized accounting firm, or a compensation consultant with a nationally recognized actuarial and benefits consulting firm with expertise in the area of executive compensation tax law, who shall be selected by the Company and shall be acceptable to the Executive (the Executive's acceptance not to be unreasonably withheld), and whose fees and disbursements shall be paid by the Company. Notwithstanding anything herein to the contrary, this Section 3(f)(iii) shall be interpreted (and, if determined by the Company to be necessary, reformed) to the extent necessary to fully comply with Section 409A of the Code; provided that the Company agrees to maintain, to the maximum extent practicable, the original intent and economic benefit to the Executive of the applicable provision without violating the provisions of Section 409A of the Code.

(g) Notice of Termination. Any termination by the Company or by the Executive, other than a termination by reason of the Executive's death, shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 7(c). “Notice of Termination” means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the date of termination is other than the date of receipt of such notice, specifies the date of termination.

(h) Date of Termination. For purposes of this Agreement the Executive's date of termination of employment shall be (i) if the Executive's employment is terminated by the Company with or without Cause, by the Executive for Good Reason, or due to the Executive's Disability, the date of termination shall be the date on which the other party receives the Notice of Termination, unless a later date is mutually agreed, (ii) if the Executive's employment is terminated by the Executive other than for Good Reason, the 90th day following the Company's receipt of the Notice of Termination, unless the Company waives or reduces such period as provided in Section 3(c), and (iii) if the Executive's employment is terminated by reason of death, the date of termination shall be the date of death.

(i) Resignation. Upon termination of the Executive's employment for any reason, the Executive agrees to resign, effective as of the date of termination, from any positions that the Executive holds with the Company and its affiliates, the Board (and any committees thereof), unless the Board requests otherwise and the Executive agrees, and the board of directors (and any committees thereof) of any of the Company's subsidiaries and affiliates.

4. Effect of Termination.

(a) Full Settlement. The amounts paid to the Executive pursuant to Section 3(b) or 3(f)(ii), as applicable, following termination of his employment shall be in full and complete satisfaction of the Executive's rights under this Agreement and any other claims he may have with respect to his employment by the Company and the termination thereof, other than as expressly provided in Section 2(b). Such amounts shall constitute liquidated damages with respect to any and all such rights and claims. In consideration of the Executive's receipt thereof, the Executive shall execute a release in favor of the Company, substantially in the form of Exhibit A hereto. Pursuant to said release, the Company shall be released and discharged from any and all liability to the Executive in connection with this Agreement and otherwise in connection with the Executive's employment with the Company and the termination thereof, including, without limitation, any claims arising under federal, state or local labor, employment and employment discrimination laws, but excluding claims with respect to this Agreement and any Plan. The payments and provision of benefits to the Executive required by Sections 3(b) and 3(f)(ii), other than amounts that are required to be paid to the Executive under applicable law, shall be conditioned upon the Executive's delivery (and non-revocation prior to the expiration of the revocation period contained in the release) of such release in favor of the Company, *provided* that such conditions are met on or before the date that is 30 days after the date of the Executive's termination of employment. If such conditions are not met by such date, the Executive shall forfeit such payments and benefits. Notwithstanding the foregoing, nothing herein shall be construed to release the Company from its obligations to indemnify the Executive (as set forth in Section 7(h)).

(b) No Duplication; No Mitigation; Limited Offset. In no event shall the Executive be entitled to duplicate payments or benefits under different provisions of this Agreement or pursuant to the terms of any other plan, program or arrangement of the Company or its affiliates. In the event of any termination of the Executive's employment, the Executive shall be under no obligation to seek other employment, and, there shall be no offset against amounts due the Executive under this Agreement or pursuant to any plan of the Company or any of its affiliates on account of any remuneration attributable to any subsequent employment or any claim asserted by the Company or any of its affiliates, except with respect to the continuation of benefits under Sections 3(b) and 3(f)(ii), which shall terminate immediately upon obtaining comparable coverage from another employer.

5. Restrictive Covenants.

(a) Confidentiality. The Executive recognizes that any knowledge and information of any type whatsoever of a confidential nature relating to the business of the Company, including, without limitation, all types of trade secrets, vendor and customer lists and information, employee lists and information, information regarding product development, marketing plans, management organization information, operating policies and manuals, sourcing data, performance results, business plans, financial records, and other financial, commercial, business and technical information (collectively, “Confidential Information”), must be protected as confidential, not copied, disclosed or used, other than for the benefit of the Company, at any time. The Executive further agrees that at any time during the Employment Period or thereafter he will not divulge to anyone (other than the Company or any person employed or designated by the Company), publish or make use of any Confidential Information without the prior written consent of the Company, except as (and only to the extent) (i) required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency and then only after providing the Company with the reasonable opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed, (ii) with respect to any other litigation, arbitration or mediation involving this Agreement, including, but not limited to the enforcement of this Agreement or (iii) as to Confidential Information that becomes generally known to the public or within the relevant trade or industry other than due to the Executive's violation of this Section 5(a). The Executive further agrees that following the termination of the Employment Period for whatever reason, (A) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (B) the Executive shall not misappropriate or infringe upon the Confidential Information of the Company (including the recreation or reconstruction of Confidential Information from memory).

(b) Non-Interference. The Executive acknowledges that information regarding the Company's business and financial relations with its vendors and customers is Confidential Information and proprietary to the Company and that any interference with such relations based directly or indirectly on the use of such information would cause irreparable damage to the Company. The Executive acknowledges that by virtue of his employment with the Company, he has gained or may gain knowledge of such information concerning the Company's vendors and customers (respectively “Vendor Information” or “Customer Information”), and that he would inevitably have to draw on this Vendor Information and Customer Information and on other Confidential Information if he were to solicit or service the Company's vendors or customers on behalf of a competing business enterprise. Accordingly, and subject to the immediately following sentence, the Executive agrees that during the Employment Period and for a period of 18 months following the termination thereof, other than by reason of a termination by the Company without Cause or by the Executive for Good Reason, the Executive will not, on behalf of himself or any other person, other than the Company, directly or indirectly do business with, solicit the business of, or perform any services for any actual vendor or customer of the Company, any person that has been a vendor or customer of the Company within the 12-month period preceding such termination or any actively solicited prospective vendor or customer as to whom or which the Executive provided any services or as to whom or which the Executive has knowledge of Vendor Information, Customer Information or Confidential Information. The foregoing restrictive covenant shall only apply to business activities engaged in by the Executive on behalf of himself or any other person that are directly competitive with those of the operating divisions of the Company in which the Executive has worked or over which he has or has had supervisory responsibility, in terms of channels of distribution, types of products, gender for which the products have been designed and similarity of price range. In addition, the Executive agrees that, during the Employment Period and such 18-month period thereafter, he will not, directly or indirectly, seek to encourage or induce any such vendor or customer to cease doing business with, or lessen its business with, the Company, or otherwise interfere with or damage (or attempt to interfere with or damage) any of the Company's relationships with its vendors and customers, except in the ordinary course of the Company's business.

(c) Non-Competition. The Executive agrees that, during the Employment Period and for a period of 12 months following his termination of employment, other than upon a termination by the Company without Cause or by the Executive for Good Reason, the Executive shall not, without the prior written consent of the Company, directly or indirectly, on the Executive's behalf or on behalf of any other person, firm, corporation, association or other entity, as an employee, director, advisor, partner, consultant or otherwise, engage in any business of, provide services to, enter the employ of, or have any interest in, any other person, firm, corporation or other entity that is engaged in a business that is in competition with the primary businesses or products of the Company as of the Executive's date of termination (following a Change in Control, such businesses or products shall be limited to those in which the Executive has worked or over which he has or has had supervisory responsibility, in terms of channels of distribution, types of products, gender for which the products have been designed and similarity of price range, as of his date of termination). Nothing herein shall restrict the Executive from owning, for personal investment purposes only, less than 5% of the voting stock of any publicly held corporation or 2% of the ownership interest in any non-publicly held company, if the Executive has no other connection or relationship with the issuer of such securities.

(d) Non-Solicitation. The Executive agrees that during the Employment Period and for a period of 18 months following the termination thereof for any reason, he will not hire or solicit to hire, whether on his own behalf or on behalf of any other person (other than the Company), any employee of the Company or any individual who had left the employ of the Company within 12 months of the termination of the Executive's employment with the Company. In addition, during the Employment Period and such 18-month period thereafter, the Executive will not, directly or indirectly, encourage or induce any employee of the Company to leave the Company's employ, except in the ordinary course of the Company's business.

(e) Public Comment. The Executive, during the Employment Period and at all times thereafter, shall not make any derogatory comment concerning the Company or any of its current or former directors, officers, stockholders or employees. Similarly, the then current (i) members of the Board and (ii) members of the Company's senior management shall not make any derogatory comment concerning the Executive, and the Company shall use reasonable efforts to ensure that the former (A) members of the Board and (B) members of the Company's senior management do not make any derogatory comment concerning the Executive.

(f) Blue Penciling. If any of the restrictions on competitive or other activities contained in this Section 5 shall for any reason be held by a court of competent jurisdiction to be excessively broad as to duration, geographical scope, activity or subject, such restrictions shall be construed so as thereafter to be limited or reduced to be enforceable to the extent compatible with the applicable law; it being understood that by the execution of this Agreement, (i) the parties hereto regard such restrictions as reasonable and compatible with their respective rights and (ii) the Executive acknowledges and agrees that the restrictions will not prevent him from obtaining gainful employment subsequent to the termination of his employment. The existence of any claim or cause of action by the Executive against the Company shall not constitute a defense to the enforcement by the Company of the foregoing restrictive covenants, but such claim or cause of action shall be determined separately.

(g) Injunctive Relief. The Executive acknowledges and agrees that the covenants and obligations of the Executive set forth in this Section 5 relate to special, unique and extraordinary services rendered by the Executive to the Company and that a violation of any of the terms of such covenants and obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, the Executive agrees that the Company shall be entitled to seek an injunction, restraining order or other temporary or permanent equitable relief (without the requirement to post bond) restraining the Executive from committing any violation of the covenants and obligations contained herein. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity.

6. Work for Hire. The Executive agrees that all marketing, operating and training ideas, sourcing data, processes and materials, including all inventions, discoveries, improvements, enhancements, written materials and development related to the business of the Company (“Proprietary Materials”) to which the

Executive may have access or that the Executive may develop or conceive while employed by the Company shall be considered works made for hire for the Company and prepared within the scope of employment and shall belong exclusively to the Company. Any Proprietary Materials developed by the Executive that, under applicable law, may not be considered works made for hire, are hereby assigned to the Company without the need for any further consideration, and the Executive agrees to take such further action, including executing such instruments and documents as the Company may reasonably request, to evidence such assignment.

7. Miscellaneous.

(a) Assignment and Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legatees, executors, administrators, legal representatives, successors and assigns.

Notwithstanding anything in the foregoing to the contrary, the Executive may not assign any of his rights or obligations under this Agreement without first obtaining the written consent of the Company. The Company may assign this Agreement in connection with a sale of all or substantially all of its business and/or assets (whether direct or indirect, by purchase, merger, consolidation or otherwise) and will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. “Company” means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

(b) Survival. The provisions of Sections 3, 4, 5, 6 and 7 shall survive the termination of this Agreement pursuant to Section 3.

(c) Notices. Any notices to be given hereunder shall be in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid as follows:

If to the Executive, addressed to the Executive at the address then shown in the Executive's employment records

If to the Company at:

PVH Corp.
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

PVH Corp.
200 Madison Avenue
New York, New York 10016
Attention: Senior Vice President, General Counsel and Secretary

Any party may change the address to which notices are to be sent by giving notice of such change of address to the other party in the manner provided above for giving notice.

(d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof relating to the conflict of laws.

(e) Consent to Jurisdiction. Any judicial proceeding brought against the Executive with respect to this Agreement may be brought in any court of competent jurisdiction in the Borough of Manhattan in the City and State of New York and, by execution and delivery of this Agreement, the Executive: (i) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate courts, and irrevocably agrees to be bound by any final judgment (after exhausting all appeals therefrom or after all time periods for such appeals have expired) rendered thereby in connection with this Agreement, and (ii) irrevocably waives any objection the Executive may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum.

(f) Severability. The invalidity of any one or more provisions of this Agreement or any part thereof shall not affect the validity of any other provision of this Agreement or part thereof; and in the event that one or more provisions contained herein shall be held to be invalid, the Agreement shall be reformed to make such provisions enforceable.

(g) Waiver. The Company, in its sole discretion, may waive any of the requirements imposed on the Executive by this Agreement. The Company, however, reserves the right to deny any similar waiver in the future. Each such waiver must be express and in writing and there will be no waiver by conduct. Pursuit by the Company of any available remedy, either in law or equity, or any action of any kind, does not constitute waiver of any other remedy or action. Such remedies and actions are cumulative and not exclusive. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason or the Company's right to terminate the Executive's employment for Cause, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Indemnification. The Executive shall be entitled to indemnification (and the advancement of expenses) in connection with a litigation or proceeding arising out of the Executive's acting as Chief Executive Officer of CKI, or Executive Chairman of CKI or an employee, officer or director of the Company (or, to the extent such service is requested by the Company, any of its affiliates), to the maximum extent permitted by applicable law; *provided, however*, that in the event that it is finally determined that the Executive is not entitled to indemnification, the Executive shall promptly return any advanced amounts to the Company. In addition, the Executive shall be entitled to liability insurance coverage pursuant to a Company-purchased directors' and officers' liability insurance policy on the same basis as other directors and officers of the Company.

(i) Legal Fees. The Company agrees to reimburse the Executive (within 10 days following the Company's receipt of an invoice from the Executive), at any time from the Effective Date of this Agreement through the Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date) to the fullest extent permitted by law, for all legal fees and expenses that the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), *provided*, that the Executive prevails with respect to at least one substantive issue in dispute. In order to comply with Section 409A, in no event shall the payments by the Company under this Section 7(i) be made later than the end of the calendar year next following the calendar year in which any such contest is finally resolved, provided, that the Executive shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such contest is finally resolved. The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and the Executive's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

(j) Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(k) Withholding. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable Federal, State or local employment or income tax laws or similar statutes or other provisions of law then in effect.

(l) Section 409A of the Code. The provisions of this Agreement and any payments made herein are intended to comply with, and should be interpreted consistent with, the requirements of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder (collectively, “Section 409A”). The time or schedule of a payment to which the Executive is entitled under this Agreement may be accelerated at any time that this Agreement fails to meet the requirements of Section 409A and any such payment will be limited to the amount required to be included in the Executive's income as a result of the failure to comply with Section 409A.

(m) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including, without limitation, the Existing Agreement, and any agreement in principle or oral statement, letter of intent, statement of understanding or guidelines of the parties hereto with respect to the subject matter hereof, excluding the Plans or the plans referred to in Section 2(c), the terms and conditions of which shall not be affected hereby. This Agreement may be amended, supplemented or otherwise modified only by a written document executed by each of the parties hereto or their respective successors or assigns. The Executive acknowledges that he is entering into this Agreement of his own free will and accord with no duress, and that he has read this Agreement and understands it and its legal consequences.

(n) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on July 23, 2013.

CALVIN KLEIN, INC.
By: /s/ Mark D. Fischer
Name: Mark D. Fischer
Title: Executive Vice President

/s/ Paul Thomas Murry
Paul Thomas Murry

**EXHIBIT A**

**RELEASE**

**TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT** PAUL THOMAS MURRY (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the severance to be paid and other benefits provided pursuant to Section [3(b)][3(f)] of the Third Amended and Restated Employment Agreement between the Releasor and CALVIN KLEIN, INC., dated as of June [__], 2013 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges Calvin Klein, Inc., its parent corporation, PVH Corp., and their respective current and former affiliates (collectively, the "Company"), each of their respective current and former officers, directors, employees, agents, representatives and advisors and their respective heirs, executors, administrators, legal representatives, receivers, affiliates, beneficial owners, successors and assigns (collectively, the "Releasees"), from, and hereby waives and settles, any and all, actions, causes of action, suits, debts, promises, damages, or any liability, claims or demands, known or unknown and of any nature whatsoever and which the Releasor ever had, now has or hereafter can, shall or may have, for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Release arising directly or indirectly pursuant to or out of his employment with the Company or the termination of such employment (collectively, "Claims"), including, without limitation, any Claims (i) arising under any federal, state, local or other statutes, orders, laws, ordinances, regulations or the like that relate to the employment relationship and/or worker or workplace protection and/or specifically prohibit discrimination based upon age, race, religion, gender, national origin, disability, sexual orientation or any other unlawful bases, including, without limitation, the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, as amended, the Civil Rights Acts of 1866 and 1871, as amended, the Americans with Disabilities Act of 1990, as amended, the Employee Retirement Income Security Act of 1974, as amended, the Family and Medical Leave Act of 1993, as amended, the New Jersey Law Against Discrimination, as amended, the New York State and New York City Human Rights Laws, as amended, the laws of the States of New York and New Jersey, the City of New York and Somerset County, New Jersey relating to discrimination, as amended, and any and all applicable rules and regulations promulgated pursuant to or concerning any of the foregoing statutes; (ii) arising under or pursuant to any contract, express or implied, written or oral, including, without limitation, the Agreement; (iii) for wrongful dismissal or termination of employment; (iv) for tort, tortious or harassing conduct, infliction of mental or emotional distress, fraud, libel or slander; and (v) for damages, including, without limitation, punitive or compensatory damages or for attorneys' fees, expenses, costs, wages, injunctive or equitable relief. This Release shall not apply to any claim that the Releasor may have for a breach of Section [3(b)] [3(f)], 5(e), 7(h) or 7(i) of the Agreement or any plan or program referred to in Section 2(b) or 2(c) of the Agreement.

The Releasor agrees not to file, assert or commence any Claims against any Releasee with any federal, state or local court or any administrative or regulatory agency or body. Notwithstanding the foregoing, nothing herein shall constitute a release by the Releasor of a claim to the extent such claim is not waivable as a matter of applicable law. Without limiting the generality of the foregoing, nothing herein shall affect any right to file an administrative charge with the Equal Employment Opportunity Commission, subject to the restriction that if any such charge is filed, the Releasor agrees not to violate the confidentiality provisions of the Agreement and further agrees and covenants that should he or any other person, organization, or other entity file, charge, claim, sue or cause or permit to be filed any charge with the Equal Employment Opportunity Commission, civil action, suit or legal proceeding against the Releasees (or any of them) involving any matter occurring at any time in the past, the Releasor will not seek or accept any personal relief (including, but not limited to, a monetary award, recovery, relief or settlement) in such charge, civil action, suit or proceeding.

The Releasor represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the Releasor may have against the Releasees, or any of them, and the Releasor agrees to indemnify and hold the Releasees, and each of them, harmless from any Claims, or other liability, demands, damages, costs, expenses and attorneys' fees incurred by the Releasees, or any of them, as a result of any person asserting any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the Releasor under this indemnity.

The Releasor agrees that if he hereafter commences, joins in, or in any manner seeks relief through any suit arising out of, based upon, or relating to any Claim released hereunder, or in any manner asserts against the Releasees, or any of them, any Claim released hereunder, then the Releasor shall pay to the Releasees, and each of them, in addition to any other damages caused to the Releasees thereby, all attorneys' fees incurred by the Releasees in defending or otherwise responding to said suit or Claim.

The Releasor hereby waives any right to, and agrees not to, seek reinstatement of his employment with the Company or any Releasee. The Releasor acknowledges that the amounts to be paid to him under Section [3(b)][3(f)] of the Agreement do not include any benefit, monetary or otherwise, which the Releasor has earned or accrued, or to which he is already entitled.

The Releasor acknowledges that he was advised by the Company to consult with his attorney concerning the waivers contained in this Release, that he has consulted with counsel, and that the waivers the Releasor has made herein are knowing, conscious and with full appreciation that he is forever foreclosed from pursuing any of the rights so waived. The Releasor has a period of 21 days from the date on which a copy of this Release has been delivered to him to consider whether to sign it. In addition, in the event that the Releasor elects to sign and return to PVH Corp. a copy of this Release, the Releasor has a period of seven days (the “Revocation Period”) following the date of such return to revoke this Release, which revocation must be in writing and delivered to PVH Corp., 200 Madison Avenue, New York, New York 10016, Attention: General Counsel, within the Revocation Period. This Release, and the Releasor's right to receive the amounts to be paid to him under Section [3(b)] [3(f)(ii)], shall not be effective or enforceable until the expiration of the Revocation Period without the Releasor's exercise of his right of revocation.

This Release shall not be amended, supplemented or otherwise modified in any way except in a writing signed by the Releasor and PVH Corp.

This Release shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without reference to its principles of conflicts of law.

**IN WITNESS WHEREOF**, the Releasor has caused this Release to be executed as of ___________________, 20__.

_______________________________________
Paul Thomas Murry

SWORN TO AND SUBSCRIBED
BEFORE ME THIS ____ DAY OF
____________________, 20__.

Notary Public

**AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement"), dated as of July 23, 2013, between PVH B.V., a private limited liability company organized under the laws of the Netherlands ("PVH Europe" and, together with its affiliates, including, without limitation, its indirect parent corporation, PVH Corp. (the "Company"; the Company shall refer to PVH Europe or PVH Corp. ("PVH") or PVH and its affiliates and subsidiaries, including PVH Europe, collectively, as the context may require), and FRED GEHRING (the "Executive").

WITNESSETH:

WHEREAS, the Executive currently serves as Chief Executive Officer of Tommy Hilfiger and PVH International Operations, pursuant to an Employment Agreement between the Executive and PVH Europe (formerly known as Tommy Hilfiger B.V.), dated as of May 6, 2010, as amended (the "Existing Agreement");

WHEREAS, the Executive has been employed with PVH Europe or one of its affiliates continuously since June 1, 1997, which date, for purposes of calculating the Executive's seniority, shall be deemed as the date of commencement of his employment with PVH Europe;

WHEREAS, the Executive desires to continue to be employed by PVH Europe on the terms and conditions set forth herein, and agrees that this Agreement shall amend and supersede the terms and conditions of the Existing Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Employment.

(a) Effective Date. This Agreement shall be effective as of July 1, 2013 (the "Effective Date").

(b) Employment Period. PVH Europe agrees to continue to employ the Executive, and the Executive agrees to continue to be employed by PVH Europe, in accordance with the terms and conditions hereof. The Executive shall be an employee at will and this Agreement shall not constitute a guarantee of employment. Each of the parties acknowledges and agrees that either party may terminate the Executive's employment at any time, for any reason, with or without Cause (as defined in Section 3(a)), subject to the applicable notice periods. Each party hereto may terminate this Agreement by giving written notice before the end of a calendar month, subject to a notice period of 90 days for the Executive and 180 days for PVH Europe, if applicable. This Agreement will automatically terminate upon the end of the month during which the Executive reaches the State pension age (*AOW-gerechtigde leeftijd*). The period commencing on the Effective Date and ending on the last day of the applicable notice period is hereinafter referred to as the "Employment Period."

(c) Position and Duties.

(i) During the Employment Period and subject to Section 1(c)(iii), the Executive shall serve as Chief Executive Officer of PVH Europe and hold the title "Chief Executive Officer of Tommy Hilfiger and PVH International Operations."

(A) As Chief Executive Officer of Tommy Hilfiger, the Executive shall have such duties and responsibilities as shall from time to time be assigned to him and as are consistent and commensurate with his title and position. Without limiting the generality of the foregoing, the managers of the European and Asian businesses operated by PVH Europe under the Tommy Hilfiger brands will report to the Executive or to persons reporting to the Executive; *provided, however*, that, it is understood and agreed that (x) the Chief Financial Officer of PVH Europe will report to both the chief operating officer of PVH Europe and the principal financial officer of PVH and (y) the international managers for PVH Europe's legal, risk, audit, governance and compliance, treasury and other integral corporate functions (not including human resources) may also be required to report with respect to certain matters to PVH's head of their respective function (or such PVH's head's direct reports).

(B) As Chief Executive Officer of PVH International Operations, the Executive shall oversee (x) the European operations of PVH's Calvin Klein business (excluding those Calvin Klein business activities directly overseen by PVH's Calvin Klein, Inc. subsidiary) and (x) PVH's other direct operations in Europe (excluding business activities directly overseen by PVH).

(C) In addition to the Executive's duties and responsibilities described in Sections 1(c)(i)(A), 1(c)(i)(B), and 1(c)(iii), the Executive shall perform an advisory role on the future plans to gradually integrate PVH's Tommy Hilfiger and Calvin Klein business operations in Asia and South America.

(D) The Executive's services shall be performed at PVH Europe's headquarters in Amsterdam, The Netherlands (or such other location as may be mutually agreed between the Company and the Executive), except for travel and visits to Company offices and facilities worldwide, reasonably required to attend to the Company's business.

(ii) During the Employment Period and subject to Section 1(c)(iii), and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote substantially all of his business attention and time (with business time determined in accordance with the Company's usual and customary standards for its senior executives) to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and conscientiously such responsibilities. During the Employment Period, the Executive shall be entitled to serve as a member of the board of directors of a reasonable number of other companies, to serve on civic and charitable boards and to manage his personal and family investments, in each case, to the extent such activities do not materially interfere, in the reasonable judgment of PVH's Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise (the "Board")), with the performance of his duties for the Company and are otherwise consistent with the Company's governance policies. Notwithstanding the foregoing, (A) the Executive may continue to maintain a direct or indirect ownership interest in each of Pepe Holdings Ltd., TH Asia Limited, and Karl Lagerfeld B.V. (formerly known as Asian and Western Classics B.V.), including the right to increase his ownership interest in each such entity; and (B) the Executive may purchase and maintain a direct or indirect ownership interest in Denham the Jeanmaker B.V. and may increase his ownership in such entity. Furthermore, the Executive may continue his directorship in TH Asia Limited and Karl Lagerfeld B.V. and support Apax Partners L.P. and/or any of its affiliates in defining a new business strategy for Karl Lagerfeld B.V.; *provided, however*, that in all such cases, such directorship and support shall not interfere with the Executive's performance of his duties hereunder in any significant manner and any services provided to any such entity shall not directly conflict with, or bring such entity into direct competition with, any of the Company's businesses. For the avoidance of doubt, the Executive is not allowed to perform services for Pepe Holdings Ltd.

(iii) In addition to the duties and responsibilities outlined in paragraphs (A), (B), (C) and (D) of Section 1(c)(i), it is acknowledged and agreed that during the term of this Agreement, the Executive is expected to train a successor chief executive officer of PVH Europe and transitioning his responsibilities to such person no later than the third anniversary of the Effective Date. The Executive shall report regularly to the principal executive officer of PVH ("PVH's CEO") on the progress of the development of the Executive's successor, provide for appropriate interactions between the successor and PVH's CEO, and make a recommendation to PVH's CEO as to when the Executive believes that his successor is ready to succeed him; *provided, however,* that in no event shall a transition take place prior to the first anniversary of the Effective Date. Upon the confirmation by PVH's CEO that the successor is ready to assume the Executive's duties, the Executive shall transition to the role of "Executive Chairman of PVH Europe" and shall no longer hold the title of "Chief Executive Officer of Tommy Hilfiger" or "Chief Executive Officer of PVH International Operations" as of a date established by PVH's CEO (the "Transition Date"). The parties acknowledge and agree that whether or not the Executive resigns as managing director of PVH Europe in connection with the transition, this Employment Agreement will continue following the Transition Date and will not automatically terminate as a result of the Executive no longer being a managing director of PVH Europe following the Transition Date, unless they agree otherwise at that time. As Executive Chairman of PVH Europe, the Executive shall be involved in establishing the overall strategy of PVH Europe but shall no longer be responsible for day-to-day operations of PVH Europe. The Executive shall also serve as an advisor to his successor as chief executive officer of PVH Europe and to PVH's CEO on matters related to PVH. Following the Transition Date, the Executive's working hours shall be reduced to 50% of his working hours prior to the Effective Date (although the Executive's responsibilities may from time to time require that the Executive's working hours be adjusted by plus or minus 10%) or approximately two to three days per business week. Following the Transition Date, the Executive may regulate his working hours and work location as he reasonably determines, so long as he continues to satisfy his responsibilities pursuant to this Agreement.

(iv) During the Employment Period, the Executive shall report only to PVH's CEO.

2. <u>Compensation</u>.

(a) <u>Base Salary</u>. During the Employment Period and prior to the Transition Date, PVH Europe shall pay the Executive a salary at the annual rate of 950,000 Euros ("Base Salary"), which amount includes holiday pay, payable in accordance with the normal payroll procedures of PVH Europe in effect from time to time. The Executive's Base Salary shall be reviewed for increase at least annually by the Board in connection with its normal performance review policies for senior executives. Except as otherwise provided in the following sentence, Base Salary shall not be reduced after any increase. From and after the Transition Date, the Base Salary shall be reduced by 50%. Following the Transition Date, the Base Salary, as reduced pursuant to the foregoing sentence, shall be reviewed for increase annually by the Board pursuant to its normal performance review policies for senior executives. The term Base Salary as utilized in this Agreement shall refer to the Executive's annual base salary as then in effect.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock plans and other incentive compensation programs for similarly situated executives (collectively, "Plans"), to the extent that the Executive is qualified to participate in any such Plan under the generally applicable provisions thereof in effect from time to time; *provided, however,* that it is acknowledged, understood and agreed that the Executive has received an equity award in PVH's 2013 fiscal year (the "2013 Award") and no further equity awards will be made to him in PVH's 2013, 2014, or 2015 fiscal years. For the avoidance of doubt, the parties acknowledge and agree that the Executive's transition to the role of Executive Chairman of PVH Europe, as contemplated in Section 1(c)(iii), shall not affect his rights with respect to the 2013 Award. The Executive acknowledges and agrees that eligibility to participate in a Plan is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan.

(i) Notwithstanding anything herein to the contrary, the Executive acknowledges and agrees that following the Transition Date, the Executive's bonus opportunity under any such Plan shall be reduced by 50%; *provided*, *however*, that the Executive shall be eligible to receive with respect to the year in which the Transition Date occurs any bonus earned multiplied by a fraction, the numerator of which is equal to the sum of (A) the number of days during the year prior to the Transition Date plus (B) the product of (x) the number of days during such year from and after the Transition Date multiplied by (y) 0.5 and the denominator of which is 365.

(ii) To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, PVH's CEO and/or the Board, as appropriate, may determine all terms of participation (including, without limitation, the type and size of any award, payment or other compensation and the timing and conditions of receipt thereof by the Executive) in the sole and absolute discretion of PVH's CEO or the Board. Nothing herein shall be deemed to prohibit the Company or the Board from amending or terminating any and all Plans in its sole and absolute discretion. Except as otherwise provided herein, the terms of each Plan shall govern the Executive's rights and obligations thereunder during the Executive's employment and upon the termination thereof. Without limiting the generality of the foregoing, the definition of "Cause" hereunder shall not supersede the definition of "cause" in any Plan (unless the Plan expressly defers to the definition of "cause" under an executive's employment agreement) and any rights of the Executive hereunder upon and subsequent to the termination of the Executive's employment shall be in addition to, and not in lieu of, any right of the Executive under any Plan then in effect upon or subsequent to a termination of employment.

(c) Benefits.

(i) The Executive shall be eligible to participate in all employee benefit and insurance plans sponsored or maintained by the Company for similarly situated executives (including any savings, retirement, life, health and disability plans), to the extent that the Executive is qualified to participate in any such plan under the generally applicable provisions thereof in effect from time to time and subject to applicable law, it being acknowledged that by virtue of the Executive's residence and principal workplace being in Amsterdam, the Netherlands, as well as the continuation of the Executive's participation in certain plans that were in effect for him and/or the employees of PVH Europe prior to the Effective Date, that there may be differences in the employee benefit and insurance plans provided to him and PVH's executives in the United States. Nothing herein shall be deemed to prohibit the Company or the Board from amending or terminating any such plan in its sole and absolute discretion. Except as otherwise provided herein, the terms of each such plan shall govern the Executive's rights and obligations thereunder during the Executive's employment and upon the termination thereof.

(ii) In furtherance of the foregoing, the parties acknowledge and agree as follows:

(A) The Executive shall continue to participate in the collective pension scheme of PVH Europe. The Executive's pensionable basis (*pensioengevend salaris*) was equal to [672,525] Euros as of the Effective Date. The Executive's pensionable basis will be increased annually by the same percentage, if any, as the percentage increase of the Base Salary during any fiscal year of PVH during the Employment Period that commences after the Effective Date.

(B) The Company shall continue to procure at its cost accident insurance covering the Executive for business-related accidents and for accidents of everyday life with coverage of 2,500,000 Euros in case of death and 200,000 Euros in case of disability caused by illness or an accident, in favor of the Executive and his heirs, as the case may be.

(C) The Company shall continue to procure at its cost Directors' and Officer's Liability Insurance covering the Executive providing customary and adequate insurance coverage for him consistent with the policy or policies in effect immediately prior to the Effective Date, including, without limitation, with respect to deductibles and coverage amounts.

(D) The Company shall continue to procure at its cost disability insurance for the benefit of the Executive providing for a maximum of 200,000 Euros of annual income in case the Executive becomes fully disabled through illness or an accident.

(d) Vacation. The Executive shall be entitled to paid vacation totaling (i) 25 working days (excluding Saturdays) each calendar year during the Employment Period prior to the Transition Date, and (ii) 10 working days (excluding Saturdays) each calendar year during the Employment Period from and after the Transition Date. Vacation days shall be taken at the reasonable discretion of the Executive in accordance with the Company's interests and after consultation with PVH's CEO and the Chief Financial Officer and Chief Operating Officer of PVH Europe. The Executive shall ensure that he can be reached at all times during his vacation on reasonable notice.

(e) Expenses. The Company shall pay or reimburse the Executive for reasonable expenses incurred or paid by the Executive in the performance of the Executive's duties hereunder in accordance with the generally applicable policies and procedures of the Company, as in effect from time to time and subject to the terms and conditions thereof. Such procedures include the reimbursement of approved expenses within 30 days after approval.

3. Termination of Employment.

(a) Termination for Cause by PVH Europe. If PVH Europe terminates this Agreement for Cause, PVH Europe shall have no further obligation to the Executive hereunder except for the payment or provision, as applicable, of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(e), and (iii) other payments, entitlements or benefits, if any, in accordance with terms of the applicable plans, programs, arrangements or other agreements of PVH Europe or any affiliate thereof (other than any severance plan or policy) as to which the Executive held rights to such payments, entitlements or benefits, whether as a participant, beneficiary or otherwise on the date of termination ("Other Benefits"). For the avoidance of doubt, the Executive shall have no right to receive any amounts under the Company's severance policy upon his termination for Cause.

(i) For purposes of this Agreement, "Cause" shall be defined as: (1) gross negligence or willful misconduct, as the case may be, in the performance of the material responsibilities of the Executive's office or position, which results in material economic harm to the Company or its affiliates or in material reputational harm causing demonstrable injury to the Company or its affiliates; (2) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or any affiliate (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Company that specifically identifies the manner in which the Board or the Company believes that the Executive has not substantially performed the Executive's duties, and the Executive has not cured such failure to the reasonable satisfaction of the Board or the Company within 20 days following the Executive's receipt of such written demand; (3) the Executive is convicted of, or pleads guilty or *nolo contendere* to, a felony within the meaning of U.S. Federal, state or local law or the equivalent of a felony under applicable foreign law (other than a traffic violation); (4) the Executive having willfully divulged, furnished or made accessible to anyone other than the Company, its directors, officers, employees, auditors and legal advisors, otherwise than in the ordinary course of business, any Confidential Information (as hereinafter defined); or (5) any act or failure to act by the Executive, which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting for the Company.

(ii) For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon an obligation under law or upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Board or PVH's CEO or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(b) Termination without Cause by PVH Europe or for Good Reason by the Executive.

(i) If PVH Europe terminates the Executive's services without Cause or the Executive terminates his employment with PVH Europe for Good Reason, the Executive shall be entitled to receive from the Company (W) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any); (X) all unreimbursed expenses (if any), subject to Section 2(e); (Y) an aggregate amount (the "Severance Amount") equal to one and one half times the sum of (1) the Base Salary plus (2) an amount equal to the bonus that would be payable if "target" level performance were achieved under the Company's annual bonus plan (if any) in respect of the fiscal year during which the termination occurs (or the prior fiscal year if bonus levels have not yet been established for the year of termination); and (Z) the payment or provision of any Other Benefits. The Severance Amount shall be paid in a lump sum. The lump sum amount shall be paid on the first scheduled payroll date (in accordance with the Company's payroll schedule in effect for the Executive immediately prior to such termination) that occurs on or following the date that is 30 days after the Executive's termination of employment in such way as indicated by the Executive provided such payment will not cause additional expenses to the Company.

(A) "**Good Reason**" shall mean the occurrence of any of the following events or circumstances without the Executive's prior written consent:

(1) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 1(c), or any other action by the Company that results in a material diminution in such position, authority, duties or responsibilities, including but not limited to substantial interference and/or amendment of the reporting lines provided for herein and the assignment of additional or alternate duties or responsibilities to the Executive in connection with his professional development or the reallocation of some of the Executive's duties or responsibilities to other executives of the Company in connection with the evolution of the Executive's position and expressly excluding any isolated, insubstantial and inadvertent action not taken in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(2) a reduction of the Executive's Base Salary;

(3) the taking of any action by the Company that substantially diminishes (A) the aggregate value of the Executive's total compensation opportunity, and/or (B) the aggregate value of the employee benefits provided to the Executive pursuant to the Company's employee benefit and insurance plans as in effect on the Effective Date;

(4) the Company requiring that the Executive's services be rendered primarily at a location or locations more than 35 miles from the location set forth in Section 1(c); or

(5) the failure of the Company to require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(ii) In addition, if PVH Europe terminates the Executive's employment with PVH Europe without Cause or the Executive terminates his employment with PVH Europe for Good Reason, then the Company shall also provide to the Executive, during the 18–month period following the Executive's date of termination, medical, dental, life and disability insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical, dental, life and disability insurance coverage carried by the Company for the Executive and the members of his family immediately prior to such termination of employment; *provided, however*, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life or disability insurance coverage from any other employer during such period, but the Executive shall not have any obligation to seek or accept employment during such period, whether or not any such employment would provide comparable medical and dental insurance coverage, and *provided further, however*, that the Executive shall be obligated to pay an amount equal to the active employee contribution, if any, for each such coverage.

(iii) For the avoidance of doubt, the payment of the Severance Amount shall be in lieu of any amounts payable under the Company's severance policy (as then in effect) and the Executive hereby waives any and all rights thereunder.

(iv) For the avoidance of doubt, the automatic termination of this Agreement upon the end of the month during which the Executive reaches the State pension age (*AOW-gerechtigde leeftijd*) as referred to in Section 1(b) will not be regarded as termination without Cause by the Company or for Good Reason by the Executive.

(v) For the avoidance of doubt, the Executive's transition to the role of Executive Chairman of PVH Europe pursuant to Section 1(c)(iii) will not be regarded as constituting Good Reason and, from and after the Transition Date, the determination of whether "Good Reason" exists shall be determined by reference to the Executive's new and adjusted position, authority, duties, responsibilities, compensation and other terms and conditions of employment, as provided in Sections 1(c)(iii), 2(a), 2(b), 2(c) and 2(d), as applicable.

(vi) For the avoidance of doubt, the failure of the Company to pay the Executive a bonus during the 104-week period referred to in Section 3(d) shall not constitute Good Reason within the meaning of clause (3) of Section 3(b)(i)(A).

(c) <u>Termination by Voluntary Resignation (without Good Reason) by the Executive</u>. The Executive may terminate his employment with PVH Europe without Good Reason at any time by voluntary resignation. Upon such termination, the Company shall have no further obligation to the Executive hereunder except for the payment of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(e), and (iii) the payment or provision of any Other Benefits.

(d) Disability. The Executive's employment shall be terminable by PVH Europe, subject to applicable law and the Company's short-term and long-term disability policies then in effect, if the Executive becomes physically or mentally disabled, whether totally or partially, such that he is prevented from performing his usual duties and services hereunder during the 104-week period referred to in section 7:629 subsection 1 of the Dutch Civil Code ("Disability").

(i) In the case of Disability, PVH Europe shall continue to pay the Executive 70% of his Base Salary during such 104-week period.

(ii) The Executive must strictly comply with the rules and guidelines which have been communicated to him by or on behalf of the Company.

(iii) If the Executive's employment is terminated by PVH Europe due to his Disability if and when permitted by applicable law, PVH Europe shall have no further obligation to the Executive hereunder, except for the payment to the Executive or his legal guardian or representative, as appropriate, of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) all unreimbursed expenses (if any), subject to Section 2(e), and (iii) the payment or provision of any Other Benefits.

(e) Death. If the Executive shall die during the Employment Period, this Agreement shall terminate on the date of the Executive's death and the Company shall have no further obligation to the Executive hereunder except for the payment to the Executive's estate of (i) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (ii) an amount equal to three months' Base Salary, (iii) all unreimbursed expenses (if any), subject to Section 2(e) and (iii) the payment or provision of any Other Benefits.

(f) Notice of Termination. Any termination by PVH Europe or by the Executive, other than a termination by reason of the Executive's death, shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 7(c). "Notice of Termination" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, and (iii) if the date of termination is other than the date of receipt of such notice, specifies the date of termination.

(g) Date of Termination. For purposes of this Agreement the Executive's date of termination of employment shall be (i) if the Executive's employment is terminated by PVH Europe with or without Cause, by the Executive for or other than for Good Reason, or due to the Executive's Disability, the date of termination shall be the last day of the applicable notice period (if any), which begins to run on the date on which the other party receives the Notice of Termination, unless a later date is set forth in the Notice of Termination, and (ii) if the Executive's employment is terminated by reason of death, the date of termination shall be the date of death.

(h) Resignation. Upon termination of the Executive's employment for any reason, the Executive agrees to resign, effective as of the date of termination, from any positions that the Executive holds with PVH Europe and its affiliates, the Board (and any committees thereof), unless the Board requests otherwise and the Executive agrees, and the board of directors (and any committees thereof) of any of the Company's subsidiaries and affiliates.

4. Effect of Termination.

(a) Full Settlement. In the event of termination without a Cause or termination with Good Reason, the amounts paid to the Executive pursuant to Section 3(b) shall be in full and complete satisfaction of the Executive's rights under this Agreement and any other claims he may have with respect to his employment by the Company and the termination thereof, other than as expressly provided in (i) Section 2(b) or in other existing agreements and arrangements related to stock and stock-options, (ii) Section 7(h) or (iii) Section 7(i). Without limiting the foregoing, any severance required by a court of law to be paid to the Executive shall be subtracted from the amounts paid to the Executive pursuant to Section 3(b). Such amounts shall constitute liquidated damages with respect to any and all such rights and claims.

(b) No Duplication; No Mitigation; Limited Offset. In no event shall the Executive be entitled to duplicate payments or benefits under different provisions of this Agreement or pursuant to the terms of any other plan, program or arrangement of the Company or its affiliates. In the event of any termination of the Executive's employment, the Executive shall be under no obligation to seek other employment, and, there shall be no offset against amounts due the Executive under this Agreement or pursuant to any plan of the Company or any of its affiliates on account of any remuneration attributable to any subsequent employment or any claim asserted by the Company or any of its affiliates, except with respect to the continuation of benefits under Section 3(b), which shall terminate immediately upon obtaining comparable coverage from another employer.

5. Restrictive Covenants.

(a) Confidentiality. The Executive recognizes that any knowledge and information of any type whatsoever of a confidential nature relating to the business of the Company, including, without limitation, all types of trade secrets, vendor and customer lists and information, employee lists and information, information regarding product development, marketing plans, management organization information, operating policies and manuals, sourcing data, performance results, business plans, financial records, and other financial, commercial, business and technical information (collectively, “Confidential Information”), must be protected as confidential, not copied, disclosed or used, other than for the benefit of the Company, at any time. The Executive further agrees that at any time during the Employment Period or thereafter he will not divulge to anyone (other than the Company or any person employed or designated by the Company), publish or make use of any Confidential Information without the prior written consent of the Company, except as (and only to the extent) (i) required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency and then only after providing the Company with the reasonable opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed, (ii) with respect to any other litigation, arbitration or mediation involving this Agreement, including, but not limited to the enforcement of this Agreement or (iii) as to Confidential Information that becomes generally known to the public or within the relevant trade or industry other than due to the Executive’s violation of this Section 5(a). The Executive further agrees that following the termination of the Employment Period for whatever reason, (A) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (B) the Executive shall not misappropriate or infringe upon the Confidential Information of the Company (including the recreation or reconstruction of Confidential Information from memory).

(b) Non-Competition. The Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company, and, accordingly, agrees that during the Restricted Period, the Executive will not, without the prior written consent of the Company, directly or indirectly, on the Executive's behalf or on behalf of any other person, firm, corporation, association or other entity (each, a “Person”), as an employee, director, advisor, partner, consultant or otherwise, engage in any business of, provide services to, enter the employ of, or have any interest in any Competitive Business Entity. “Competitive Business Entity” shall mean any of the companies listed on Exhibit A and any of their respective controlled affiliates. Nothing herein shall restrict the Executive from owning, for personal investment purposes only, less than 2% of the voting stock or other securities of any publicly held Person or 5% of the ownership interest in any non-publicly held Person, if the Executive has no other connection or relationship with the issuer of such securities. The “Restricted Period” for purposes of this Agreement shall mean the period commencing on May 6, 2010 and ending on the first anniversary of the Executive’s termination of employment with the Company; *provided, however*, that if the Executive's employment with the Company is terminated by the Company without Cause or the Executive resigns with Good Reason, the Restricted Period shall end on the date Executive ceases to be an employee of the Company.

(c) Non-Solicitation. The Executive agrees that during the term of the Executive’s employment with the Company and for a period ending on the date that is 18 months following the termination of the Executive's employment with the Company for any reason, the Executive will not (i) hire or solicit to hire, whether on the Executive's own behalf or on behalf of any other Person (other than the Company), any employee of the Company or any individual who had left the employ of the Company within 12 months of the termination of Executive's employment with the Company, or (ii) directly or indirectly, encourage or induce any employee of the Company to leave the Company's employ, except in the ordinary course of the Company's business.

(d) Public Comment. The Executive, during the Employment Period and at all times thereafter, shall not make any derogatory comment concerning the Company or any of its current or former directors, officers, stockholders or employees. Similarly, the then current (i) members of the Board and (ii) members of the Company's senior management shall not make any derogatory comment concerning the Executive, and the Company shall use reasonable efforts to ensure that the former (A) members of the Board and (B) members of the Company's senior management do not make any derogatory comment concerning the Executive.

(e) Blue Penciling. It is expressly understood and agreed that although the Executive and the Company consider the restrictions to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or any other restriction contained in this Agreement is an unenforceable restriction against the Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(f) Injunctive Relief. The Executive acknowledges and agrees that the covenants and obligations of the Executive set forth in this Section 5 relate to special, unique and extraordinary services rendered by the Executive to the Company and that a violation of any of the terms of such covenants and obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, the Executive agrees that the Company shall be entitled to seek an injunction, restraining order or other temporary or permanent equitable relief (without the requirement to post bond) restraining the Executive from committing any violation of the covenants and obligations contained herein. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity.

(g) Penalty. If the Executive is in breach of any of the covenants and obligations contained in this Section 5, the Executive shall owe to the Company without any demand or other prior notice a non-recurrent penalty of 10,000 Euros, to be increased by a penalty of 1,000 Euros for each day, including a portion of a day, that the breach continues. The Company shall be entitled to the penalty without prejudice to any claim for performance of the covenants and obligations set out in this Section 5. The Company shall have the right to claim damages in addition to the aforementioned penalty.

6. Work for Hire. The Executive agrees that all marketing, operating and training ideas, sourcing data, processes and materials, including all inventions, discoveries, improvements, enhancements, written materials and development related to the business of the Company ("Proprietary Materials") to which the

Executive may have access or that the Executive may develop or conceive while employed by the Company shall be considered works made for hire for the Company and prepared within the scope of employment and shall belong exclusively to the Company. Any Proprietary Materials developed by the Executive that, under applicable law, may not be considered works made for hire, are hereby assigned to the Company without the need for any further consideration, and the Executive agrees to take such further action, including executing such instruments and documents as the Company may reasonably request, to evidence such assignment.

7. Miscellaneous.

(a) Assignment and Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, legatees, executors, administrators, legal representatives, successors and assigns. Notwithstanding anything in the foregoing to the contrary, the Executive may not assign any of his rights or obligations under this Agreement without first obtaining the written consent of the Company. The Company may assign this Agreement in connection with a sale of all or substantially all of its business and/or assets (whether direct or indirect, by purchase, merger, consolidation or otherwise) and will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. "Company" means the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law or otherwise.

(b) Survival. The provisions of Sections 3, 4, 5, 6 and 7 shall survive the termination of this Agreement pursuant to Section 3.

(c) Notices. Any notices to be given hereunder shall be in writing and delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid as follows:

If to the Executive, addressed to the Executive at the address then shown in the Executive's employment records.

If to the Company at:

PVH Corp.
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

PVH Corp.
200 Madison Avenue
New York, New York 10016
Attention: Senior Vice President, General Counsel

Any party may change the address to which notices are to be sent by giving notice of such change of address to the other party in the manner provided above for giving notice.

(d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of The Netherlands, without regard to the principles thereof relating to the conflict of laws.

(e) Consent to Jurisdiction. Any judicial proceeding brought against the Executive with respect to this Agreement may be brought in any court of competent jurisdiction in Amsterdam, The Netherlands and, by execution and delivery of this Agreement, the Executive: (i) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate courts, and irrevocably agrees to be bound by any final judgment (after exhausting all appeals therefrom or after all time periods for such appeals have expired) rendered thereby in connection with this Agreement, and (ii) irrevocably waives any objection the Executive may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum.

(f) Severability. The invalidity of any one or more provisions of this Agreement or any part thereof shall not affect the validity of any other provision of this Agreement or part thereof; and in the event that one or more provisions contained herein shall be held to be invalid, the Agreement shall be reformed to make such provisions enforceable.

(g) Waiver. The Company, in its sole discretion, may waive any of the requirements imposed on the Executive by this Agreement. The Company, however, reserves the right to deny any similar waiver in the future. Each such waiver must be express and in writing and there will be no waiver by conduct. Pursuit by the Company of any available remedy, either in law or equity, or any action of any kind, does not constitute waiver of any other remedy or action. Such remedies and actions are cumulative and not exclusive. The Executive’s or the Company’s failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason or the Company’s right to terminate the

Executive's employment for Cause, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Indemnification. The Executive shall be entitled to indemnification (and the advancement of expenses) in connection with a litigation or proceeding arising out of the Executive's acting as chief executive officer of PVH Europe, Chief Executive Officer of Tommy Hilfiger, Chief Executive Officer of PVH International Operations, or Executive Chairman of PVH Europe or an employee, officer or director of the Company (or, to the extent such service is requested by the Company, any of its affiliates), to the maximum extent permitted by applicable law; *provided*, *however*, that in the event that it is finally determined that the Executive is not entitled to indemnification, the Executive shall promptly return any advanced amounts to the Company. In addition, the Executive shall be entitled to liability insurance coverage pursuant to a Company-purchased directors' and officers' liability insurance policy on the same basis as other directors and officers of the Company.

(i) Legal Fees. The Company agrees to reimburse the Executive (within 10 days following the Company's receipt of an invoice from the Executive), at any time from the Effective Date of this Agreement through the Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date) to the fullest extent permitted by law, for all legal fees and expenses that the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), provided, that the Executive prevails with respect to at least one substantive issue in dispute.

(j) Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(k) Withholding. Any payments provided for herein shall be reduced by any amounts required to be withheld by the Company from time to time under applicable Federal, State or local employment or income tax laws or similar statutes or other provisions of law then in effect.

(l) Section 409A of the Code. The following provisions of this Section 7(l) shall be applicable only if the Executive is a taxpayer who is covered by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any related regulations or other effective guidance promulgated thereunder (collectively, "Section 409A"). To the extent applicable, the provisions of this Agreement and any payments made herein are intended to comply with, and should be interpreted consistent with, the requirements of Section 409A. The time or schedule of a payment to which the Executive is entitled under this Agreement may be accelerated at any time that this Agreement fails to meet the requirements of Section 409A and any such payment will be limited to the amount required to be included in the Executive's income as a result of the failure to comply with Section 409A. If an amendment of the Agreement is necessary in order for it to comply with Section 409A, the parties hereto will negotiate in good faith to amend the Agreement in a manner that preserves the original intent of the parties to the extent reasonably possible. Notwithstanding any provision in this Agreement to the contrary, if the Executive is a "specified employee" (as determined under the Company's policy for identifying specified employees) on the date of his "separation from service" (within the meaning of Section 409A), then with regard to any payment or benefit that is considered "deferred compensation" under Section 409A payable on account of a "separation from service" that is required to be delayed pursuant to Section 409A(a)(2)(B) of the Code (after taking into account any applicable exceptions to such requirement), such payment or benefit shall not be paid or commence to be paid on any date prior to the first business day after the date that is six months following the Executive's separation from service. The first payment that can be made shall include the cumulative amount of any amounts that could not be paid during such six-month period. In addition, interest will accrue at the 10-year T-bill rate (as in effect as of the first business day of the calendar year in which the separation from service occurs) on all payments not paid to the Executive prior to the first business day after the six-month anniversary of his separation from service that otherwise would have been paid during such six-month period had this delay provision not applied to the Executive and shall be paid with the first payment after such six-month period. Notwithstanding the foregoing, a payment delayed pursuant to the preceding three sentences shall commence earlier in the event of the Executive's death prior to the end of the six-month period. Notwithstanding any provision in this Agreement to the contrary, for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered "deferred compensation" under Section 409A, references to the Executive's "termination of employment" (and corollary terms) with the Company shall be construed to refer to the Executive's "separation from service" (within the meaning of Treas. Reg. Section 1.409A-1 (h)) with the Company. With respect to any reimbursement or in-kind benefit arrangements of the Company that constitute "deferred compensation" for purposes of Section 409A, except as otherwise permitted by Section 409A, the following conditions shall be applicable: (i) the amount eligible for reimbursement, or in-kind benefits provided, under any such arrangement in one calendar year may not affect the amount eligible for reimbursement, or in-kind benefits to be provided, under such arrangement in any other calendar year (except that the health and dental plans may impose a limit on the amount that may be reimbursed or paid), (ii) any reimbursement must be made on or before the last day of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (*e.g.*, "payment shall be made within 30 days after termination of employment"), the actual date of payment within the specified period shall be within the sole discretion of the Company. Whenever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

(m) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including, without limitation, the Existing Agreement, and any agreement in principle or oral statement, letter of intent, statement of understanding or guidelines of the parties hereto with respect to the subject matter hereof, excluding the Plans or the plans referred to in Section 2(c), as well as all other then-existing agreements and arrangements related to stock and stock options, the terms and conditions of which shall not be affected hereby. This Agreement may be amended, supplemented or otherwise modified only by a written document executed by each of the parties hereto or their respective successors or assigns, provided that the Company shall have the right to amend this Employment Agreement unilaterally within the scope of section 7:613 of the Dutch Civil Code. The Executive acknowledges that he is entering into this

Agreement of his own free will and accord with no duress, and that he has read this Agreement and understands it and its legal consequences.

(n) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

PVH B.V.

/s/ Fred Gehring By /s/ Ludo Onnink
Fred Gehring Ludo Onnink, Director

Date: July 23, 2013 Date: July 23, 2013

By /s/ Michiel Rubenkamp
Michiel Rubenkamp, Director

Date: July 23, 2013

**EXHIBIT A**

Competitive Business Entities

VF Corporation

Polo Ralph Lauren

Liz Claiborne

Jones Apparel

Perry Ellis

Oxford

Kenneth Cole

Hugo Boss

Guess

DKNY- Donna Karan

Diesel

G-Star

Pepe Jeans

Gant

Lacoste

J Brand

Scotch & Soda

**EXHIBIT 31.1**

I, Emanuel Chirico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PVH Corp.;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 12, 2013

/s/ EMANUEL CHIRICO

Emanuel Chirico

Chairman and Chief Executive Officer

**EXHIBIT 31.2**

I, Michael Shaffer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PVH Corp.;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

    d) Disclosed in this Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 12, 2013

/s/ MICHAEL SHAFFER

Michael Shaffer

Executive Vice President and
Chief Operating & Financial Officer

**EXHIBIT 32.1**

**CERTIFICATE PURSUANT TO SECTION 906**
**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PVH Corp. (“the Company”) for the quarterly period ended August 4, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Emanuel Chirico, Chairman and Chief Executive Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Dated: | September 12, 2013 | |
| | By: | /s/ EMANUEL CHIRICO |
| | Name: | Emanuel Chirico<br>Chairman and Chief Executive Officer |

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

**CERTIFICATE PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PVH Corp. (the “Company”) for the quarterly period ended August 4, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Shaffer, Executive Vice President and Chief Operating & Financial Officer of the Company, certify, pursuant to section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 12, 2013

By: /s/ MICHAEL SHAFFER

Name: Michael Shaffer
Executive Vice President and
Chief Operating & Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.