SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

(X) Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended January 30, 2005

OR

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

Commission File Number
001-07572

PHILLIPS-VAN HEUSEN CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	**13-1166910**
(State of incorporation)	(IRS Employer Identification No.)

200 Madison Avenue
New York, New York 10016
(Address of principal executive offices)

212-381-3500
(Registrant's telephone number)

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

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

Securities registered pursuant to Section 12(g) of the Act: None

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes _X_ No___

The aggregate market value of the registrant's voting stock held by nonaffiliates of the registrant (assuming, for purposes of this calculation only, that the registrant's directors, executive officers and greater than 10% shareholders are affiliates of the registrant) based upon the closing sale price of the registrants common stock on April 1, 2005 was $627,237,864.

Number of shares of Common Stock outstanding as of April 1, 2005: 33,396,553.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 14, 2005	**Part III**

* * *

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Annual Report on Form 10-K including, without limitation, statements relating to our future revenues and earnings, 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) the levels of sales of our apparel and footwear products, both to our wholesale customers a nd in our retail stores, and 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 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, repositioning of brands by the Company's licensors and other factors; (iii) our plans and results of operations will be affected by our ability to manage our growth and inventory, including our ability to realize revenue growth from developing and growing Calvin Klein; (iv) our operations and results could be affected by quota restrictions (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 (particularly petroleum-based synthetic fabrics, which are currently in high demand), o ur 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), and civil conflict, war or terrorist acts, the threat of any of the foregoing or political and labor instability in the United States or any of the countries where our products are or are planned to be produced; (v) 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; (vi) acquisitions and issues arising with acquisitions and proposed transactions, including without limitation, the ability to integrate an acquired entity into us with no substantial adverse affect on the acquired entity's, or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance; (vii) 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 (viii) 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 revenues, whether as a result of the receipt of new information, future events or otherwise.

PART I

Item 1. Business

Unless the context otherwise requires, the terms "we," "our" or "us" refer to Phillips-Van Heusen Corporation and its subsidiaries taken as a whole. Our 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. We derive market share data information used herein from various industry sources. References to the brand names *Calvin Klein Collection, Calvin Klein, ck, ck Calvin Klein, Van Heusen, IZOD, IZOD G, Eagle, Bass, G.H. Bass & Co., Geoffrey Beene, Arrow, Kenneth Cole New York, Reaction Kenneth Cole, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Chaps, Sean John* and *Donald J. Trump Signature Collection* and to other brand names in this report are to registered trademarks owned by us or licensed to us by third parties and are identif ied by italicizing the brand name. References to our acquisition of the *Arrow* tradename refer to our December 2004 acquisition of Cluett Peabody Resources Corporation and Cluett Peabody & Co., Inc., which companies we refer to collectively as "Arrow." References to our acquisition of Calvin Klein refer to our February 2003 acquisition of Calvin Klein, Inc., Calvin Klein (Europe), Inc., Calvin Klein (Europe II) Corp., Calvin Klein Europe S.r.l. and CK Service Corp., which companies we refer to collectively as "Calvin Klein."

Overview

We are one of the largest apparel companies in the world, with a heritage dating back over 120 years. We design and market nationally recognized branded dress shirts, sportswear and, to a lesser degree, footwear and other related products. We believe we market approximately one in three of the dress shirts sold in the United States and have a leading position in men's sportswear tops. Our portfolio of brands includes our own brands, *Van Heusen, G.H. Bass & Co., Bass, IZOD, Calvin Klein Collection, Calvin Klein, ck, ck Calvin Klein* and *Arrow* and our licensed brands, *Geoffrey Beene, Kenneth Cole New York, Reaction Kenneth Cole, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Chaps, Sean John* and, beginning in early 2005, *Donald J. Trump Signature Collection*. We also license our owned brands internationally over a broad range of products, with *Calvin Klein* being the best known and most widely licensed brand internationally.

We design, source and market substantially all of our products on a brand-by-brand basis targeting distinct consumer demographics and lifestyles. We market our brands at multiple price points and across multiple channels of distribution. This allows us to provide products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, merchandise preference or distribution channel. Currently, our products are distributed at wholesale through more than 10,000 doors in national and regional department, mid-tier department, mass market, specialty and independent stores in the United States. We also leverage our apparel design and sourcing expertise by offering private label dress shirt programs to retailers. Our wholesale business represents our core business and we believe that it is the basis for our brand equity. As a complement to our wholesale bus iness, we also market our products directly to consumers through our *Van Heusen, IZOD, Geoffrey Beene, Bass* and *Calvin Klein* retail stores, primarily located in outlet malls throughout the United States.

On February 12, 2003, we acquired Calvin Klein. Over the past 30 years, we believe *Calvin Klein* has become one of the best known designer names in the world. We believe that the *Calvin Klein* brands - *Calvin Klein Collection, ck Calvin Klein* and *Calvin Klein* - provide us with the opportunity to market products at higher price points, in higher-end distribution channels and to different consumer groups than our other product offerings. Products sold under the *Calvin Klein* brands are sold primarily under licenses and other arrangements and include high-end collection apparel and accessories, jeans, underwear, fragrances, eyewear, men's tailored clothing, ties, shoes, hosiery, socks, swimwear, watches, coats, leather goods, table top and soft home furnishings and accessories. Calvin Klein controls all design operations and product development for most of its licensees, including Vestime nta S.p.A., the licensee for the *Calvin Klein Collection* high-end apparel businesses and one of the world's leading manufacturers and distributors of women's and men's high-end apparel. Calvin Klein oversees a worldwide marketing, advertising and promotion program of over $200 million, the majority of which is funded by its licensees. We believe that maintaining control over design and advertising through Calvin Klein's dedicated in-house teams plays a key role in the continued strength of the *Calvin Klein* brands.

We were incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881, and, with respect to our footwear business, to G.H. Bass & Co., a business begun in 1876. Our principal executive offices are located at 200 Madison Avenue, New York, New York 10016; our telephone number is (212) 381-3500.

We make available, at no cost, on our corporate website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we have electronically filed such material with the Securities and Exchange Commission. We also make available, at no cost, on our corporate website, our Code of Business Conduct and Ethics. Our corporate website address is *www.pvh.com*.

Acquisition of the *Arrow* Tradename

On December 10, 2004, we acquired the *Arrow* brand worldwide and the related licensing business from affiliates of Cluett American Group, Inc. The transaction consisted of the acquisition from Cluett American Corp., Consumer Direct Corporation and Cluett Peabody Holding Corp. of all of the outstanding shares of common stock of Cluett Peabody Resources Corporation ("Resources") and Cluett Peabody & Co., Inc. ("CP&Co."). Resources is the worldwide owner of the *Arrow* trademark, principally for apparel, footwear and related goods, and certain related marks. CP&Co. licenses the *Arrow* marks from Resources and, in turn, licenses them to third parties throughout the world. We have been licensing the *Arrow* marks in the United States from Resources and CP&Co. for use on and in connection with men's and boys' dress shirts and sportswear since mid-2000.

Our Business Strategy

We intend to capitalize upon the significant opportunities presented by *Calvin Klein* and the strengthening of our "legacy" (pre-Calvin Klein acquisition) businesses. Although the *Calvin Klein* brand is well established and, we believe, enjoys strong brand awareness among consumers worldwide, there were numerous product areas in which no products, or only a limited number of products, were offered under any *Calvin Klein* label prior to the acquisition. This includes men's and women's better sportswear, footwear and certain accessories. Since our acquisition of Calvin Klein, we have introduced in the United States a *Calvin Klein* men's better sportswear line, and, through our licensing agreement with Kellwood Company, a women's better sportswear line, as well as entered into licenses for footwear, handbags and accessories for product launches in 2005. We believe our expertise in brand management, product design, sourcing and other logistics provides us with the ability to successfully strengthen and grow existing offerings, expand into new product offerings and increase distribution under the *Calvin Klein* brands while preserving the brands' prestige and global presence. As a result, we believe w e have the opportunity to realize sales growth and enhanced profitability.

We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness and consumer loyalty. We believe that our brands are successful in their respective segments because we have strategically positioned each brand to target a distinct consumer demographic. We will continue to design and market our branded products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers and produce consumer loyalty. We will seek to increase our market share within the dress shirt and sportswear segments by enhancing our relationships with existing customers, expanding our product offerings through new licenses and product extensions and gaining increased floor space. We will also seek to strengthen our existing licensing relationships and to align ourselves with new licensing partners to take advantage of growth opportunities as they ar ise.

To address the needs of our customers, we are continuing to make investments and develop strategies to enhance our ability to provide timely product availability and delivery. Our investments in sophisticated systems should allow us to continue to reduce the cycle time between the design of products to the delivery of those products to our customers. We believe the enhancement of our supply chain efficiencies and working capital management through the effective use of our distribution network and overall infrastructure will allow us to better control costs and provide improved service to our customers.

Our Business

Our business includes the design, sourcing and marketing of a varied selection of branded and private label dress shirts, sportswear and, to a lesser degree, footwear and other related products, as well as the licensing of our brands for an assortment of products.

Dress Shirts

We market our dress shirts principally under the *Van Heusen*, *Arrow, IZOD, Eagle, Geoffrey Beene*, *Calvin Klein, Kenneth Cole New York*, *Reaction Kenneth Cole, BCBG Max Azria, BCBG Attitude*, *MICHAEL Michael Kors*, *Chaps* and *Sean John* brands.

Our wholesale dress shirt business, which generated 20.0% of our fiscal 2004 revenues, includes the design and marketing of dress shirts in a broad selection of styles and colors that are sold at retail price points generally ranging from $20 to $100 a shirt.

The *Van Heusen* dress shirt has provided a strong foundation for us for most of our history and is the best selling dress shirt brand in the United States. The *Van Heusen* dress shirt targets the updated classical consumer, is marketed at opening to moderate price points and is distributed through more than 2,700 doors, principally in department stores, including Belk, Inc., Federated Department Stores, Inc., J.C. Penney Company, Inc., The May Department Stores Company and Saks, Inc., and through our *Van Heusen* retail stores.

The *Arrow* dress shirt targets the updated classical consumer, is marketed at opening to moderate price points and is distributed through more than 2,000 doors, principally in mid-tier department stores, including Kohl's Corporation and Sears, Roebuck and Co. The *Arrow* dress shirt is positioned as a mid-tier department store complement to *Van Heusen*.

The *IZOD* dress shirt targets the modern traditional consumer, is marketed at moderate price points and is distributed through more than 700 doors, principally in department stores, including Belk, May and Saks.

The *Eagle* dress shirt, which we began shipping commencing in early 2004 on a test basis, targets the updated traditional consumer, is marketed at better price points and is distributed through more than 100 doors, principally in May.

The *Geoffrey Beene* dress shirt is the best selling designer dress shirt brand in department stores in the United States. The *Geoffrey Beene* dress shirt targets the more style conscious consumer, is marketed at moderate to upper moderate price points and is distributed through more than 1,300 doors, principally in department stores, including Federated, Marshall Field's, May and Saks, and through our *Geoffrey Beene* retail stores. We market *Geoffrey Beene* dress shirts under a license agreement with Geoffrey Beene Inc. that expires on December 31, 2008 and which we may extend, subject to certain conditions, through December 31, 2013.

The *Calvin Klein* dress shirt targets the classical contemporary consumer, is marketed at better price points and is distributed through more than 500 doors, principally in department stores, including Federated, Marshall Field's and May, and through our *Calvin Klein* retail stores. We also offer to a more limited distribution, *ck Calvin Klein* and *Calvin Klein Collection* dress shirts which are distributed in luxury department and specialty stores and free-standing *ck Calvin Klein* and *Calvin Klein Collection* stores.

The *Kenneth Cole New York* dress shirt targets the modern consumer, is marketed at better price points and is distributed through more than 550 doors, principally in department stores, including Dillards, Inc., Federated, Marshall Field's and May. The *Reaction Kenneth Cole* dress shirt targets the more youthful, modern consumer, is marketed at upper moderate to better price points and is distributed through more than 250 doors, principally in department stores, including Federated and May. We market the two *Kenneth Cole* brands of dress shirts under a license agreement with K.C.P.L., Inc. that expires on December 31, 2005. It is our intention to renew this license agreement with K.C.P.L., Inc.; however, there can be no assurances that we will renew such agreement.

The *BCBG Max Azria* dress shirt, which we launched in Fall 2004, targets the contemporary consumer and is marketed at better price points. The *BCBG Attitude* dress shirt, which we launched in Summer 2004, targets the more youthful contemporary consumer and is marketed at better price points. We distribute the two *BCBG* brands of dress shirts through more than 250 doors combined, principally in department stores, including Federated, Dillards and Marshall Field's, under a license agreement with MLA Multibrand Holdings, Inc. that expires on January 31, 2010 and which we may extend, subject to certain conditions, through January 31, 2020.

The *MICHAEL Michael Kors* dress shirt, which we launched in Fall 2004, targets the modern consumer, is marketed at moderate to better price points and is distributed through more than 250 doors, principally in department stores, including Federated, Marshall Field's and May. We market *MICHAEL Michael Kors* dress shirts under a license agreement with Michael Kors, LLC that expires on January 31, 2008 and which we may extend, subject to certain conditions, through January 31, 2011.

The *Chaps* dress shirt, which we launched for Holiday 2004, targets the updated traditional consumer and is marketed at moderate price points. We plan to distribute the *Chaps* dress shirt through more than 1,000 doors, principally in mid-tier department stores, including Kohl's and Mervyn's. We market *Chaps* dress shirts under a license agreement with PRL USA, Inc. and The Polo/Lauren Company, LP that expires on December 31, 2007 and which we may extend, subject to certain conditions, through December 31, 2013.

The *Sean John* dress shirt, which we launched in Fall 2004, targets the updated classical consumer, is marketed at moderate to better price points and is distributed through more than 100 doors, principally in department stores, including Federated and May. We market *Sean John* shirts under a license agreement with Christian Casey, LLC that expires on December 31, 2007 and which we may extend, subject to certain conditions, through December 31, 2013.

Effective November 29, 2004, we entered into a license agreement with Donald J. Trump to market the *Donald J. Trump Signature Collection* dress shirt, which will launch in Spring 2005. The *Donald J. Trump Signature Collection* dress shirt will target the modern classical consumer, be marketed at better price points and be distributed through more than 100 doors, principally in Federated. The license agreement expires on December 31, 2006 and may be extended, subject to certain conditions, through December 31, 2009.

We also offer private label programs to retailers. Private label offerings allow a retailer to sell its own line of exclusive merchandise and give the retailer control over distribution of the product. These programs present an opportunity for us to leverage our design, sourcing and logistics expertise. Our private label customers work with our designers to develop shirts in the styles, sizes and cuts that the customers desire to sell in their stores under their private labels. Private label programs offer the consumer quality product and offer the retailer the opportunity to enjoy product exclusivity at generally higher margins. Private label products, however, generally do not have the same level of consumer recognition as branded products and private label manufacturers do not generally provide retailers with the same breadth of services and in-store sales and promotional support as brand ed manufacturers. We market private label dress shirts to national department and mass market stores. Our private label programs include *Stafford* for JCPenney, *Grant Thomas* for Lord & Taylor, *Cezani* for Saks and *Puritan* and *George* for Wal-Mart Stores, Inc.

Sportswear

We market our sportswear principally under the *IZOD*, *Van Heusen*, *Arrow*, *Geoffrey Beene* and *Calvin Klein* brands. Our sportswear business, which generated 52.9% of our fiscal 2004 revenues, includes men's knit and woven sport shirts, sweaters, bottoms, swimwear, boxers and outerwear marketed at wholesale and sportswear, accessories and other apparel for men and women offered in our *Van Heusen*, *IZOD*, *Geoffrey Beene* and *Calvin Klein* retail stores.

IZOD is the best selling main floor department store men's sportswear tops brand. *IZOD* men's sportswear consists of five related separate concepts under the classic *IZOD* blue label and the *IZOD Jeans*, *IZOD PerformX*, *IZOD Golf/IZOD XFG* (*X-treme Function Golf*), and *IZOD LX* (a recently introduced higher-priced “luxe” line of sportswear) sub-brands. *IZOD* apparel consists of a range of men's sportswear, including sweaters, knit and woven sports shirts, slacks, fleecewear and outerwear. *IZOD* sportswear is targeted to the active consumer, is marketed at moderate to upper moderate price points and is distributed through more than 2,400 doors, principally in department stores, including, Federated, May, Belk, Saks and JCPenney, and through our *IZOD* retail stores. Our *IZOD* stores offer men's and women's active-inspired sportswear, wit h a focus on golf, travel and resort apparel.

Van Heusen is the best selling main floor department store men's woven sport shirt brand in the United States. *Van Heusen* sportswear also includes knit sport shirts and sweaters. Like *Van Heusen* dress shirts, *Van Heusen* sport shirts and sweaters target the updated classical consumer, are marketed at opening to moderate price points and are distributed through more than 3,500 doors, principally in department stores, including Belk, Federated, JCPenney and May, and through our *Van Heusen* retail stores. Our *Van Heusen* stores offer a range of men's products from dress furnishings to sportswear, as well as women's sportswear.

Arrow sportswear targets the updated classical consumer, is marketed at moderate price points and is distributed through more than 2,300 doors, principally in mid-tier department stores, including Kohl's and Sears. *Arrow* sportswear consists of men's knit and woven tops, sweaters and bottoms.

Geoffrey Beene sportswear targets a more style conscious consumer than *IZOD*, *Van Heusen* and *Arrow* and is positioned as a designer label for men's woven and knit sport shirts on the main floor of department stores. *Geoffrey Beene* sportswear is marketed at upper moderate price points and is distributed through more than 2,000 doors, principally in department stores, including Federated and May, and through our *Geoffrey Beene* retail stores. Our *Geoffrey Beene* stores offer men's furnishings, casual and dress casual sportswear and women's casual and dress casual sportswear, under a license agreement which expires on December 31, 2005, and which we may extend for up to two additional three-year periods, the last of which would end on December 31, 2011. We market *Geoffrey Beene* men's sportswear at wholesale under the same license agreement as *Geoffrey Beene* dress shirt s.

Calvin Klein sportswear, which we began shipping commencing with the Fall 2004 season, targets a modern classical consumer, is marketed at better price points and is distributed through more than 250 doors, in better fashion department and specialty stores, including Federated and May, and through our *Calvin Klein* retail stores.

Footwear

We market *Bass* and *G.H. Bass & Co.* casual and dress casual shoes for men, women and children and apparel and accessories, such as handbags, belts and travel gear, for men and women through our *Bass* retail stores.

Sales of our footwear and related *Bass* products generated 16.1% of our fiscal 2004 revenues. Effective February 2, 2004, we entered into an exclusive agreement to license our *Bass* wholesale footwear business to Brown Shoe Company, Inc., a leading footwear retailer and wholesaler of branded and private label footwear. Under the license agreement, Brown Shoe assumed responsibility for the design, sourcing and marketing of footwear at wholesale, on a worldwide basis, under the *Bass* label. The initial term of the license expires on January 31, 2007 and may be extended through January 31, 2013, subject to certain conditions.

The *Bass* brand has a leading position in men's casual footwear in the United States. *Bass* footwear is generally known for its classic American style and is marketed at moderate price points.

Licensing

We license our brands globally for a broad range of products. The licensing of our brands generated 11.0% of our fiscal 2004 revenues. We believe royalty and other revenues from our licensing partners provide us with a relatively stable flow of revenues and extend and strengthen our brands globally.

We grant licensing partners the right to manufacture and sell at wholesale specified products under one or more of our brands. In addition, certain foreign licensees are granted the right to open retail stores under the licensed brand name and sell only goods under that name in such stores. A substantial portion of the sales by our domestic licensing partners are made to our largest wholesale customers. As compensation under these agreements, each licensing partner pays us royalties based upon its sales of our branded products, subject generally to payment of a minimum royalty. These payments generally range from 3.0% to 7.0% of the licensing partners' sales of the licensed products. In addition, licensing partners are generally required to spend or contribute to us an amount equal to between 2.0% and 5.0% of their sales of the licensed products for advertising. We provide support to our business partners and seek to preserve the integrity of our brand names by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight.

We license our *Van Heusen, IZOD, IZOD G* and *G.H. Bass & Co.* brand names for various products worldwide. We also sublicense to others the *Geoffrey Beene* brand name for various products. We license these brand names under approximately 50 license agreements. The products offered by our domestic licensing partners include:

Licensing Partner	Product Category
Block Sportswear, Inc.	*Van Heusen* and *IZOD* 'big and tall' sportswear
Brown Shoe Company, Inc.	*Bass* wholesale footwear
Custom Leather Canada Limited	*IZOD* hats and *Van Heusen* belts and small leather goods
Fishman & Tobin, Inc.	*Van Heusen* and *IZOD* boys' sportswear and *IZOD* girls' school uniforms
Aptaker Co., Inc. d/b/a Nouveau Eyewear	*Van Heusen* eyewear
Randa Neckwear Corp.	*Van Heusen* neckwear
Clearvision Optical Company, Inc.	*IZOD* eyewear
Humphrey's Accessories LLC	*IZOD* belts
International Home Textiles, Inc.	*IZOD* soft home furnishing products
Kellwood Company	*IZOD* women's sportswear, swimwear, intimate apparel and accessories
Knothe Corporation	*IZOD* sleepwear and loungewear
Mallory & Church Corporation	*IZOD* neckwear

Peerless Delaware, Inc.	*IZOD* tailored clothing
PG USA Sportswear, Inc.	*IZOD G* men's and women's golf apparel in green grass channel
G-III Apparel Group, LTD.	*IZOD* men's and women's non-leather outerwear
Happy Kids, Inc.	*IZOD* childrenswear

Additional products sold bearing our marks include *Van Heusen* underwear, handkerchiefs, scarves and hosiery and *IZOD* leather outerwear and hosiery. A large number of our *Van Heusen* licenses are with foreign licensees that offer dress shirts and sportswear under that brand name.

As a result of our December 10, 2004 acquisition of the *Arrow* tradename, we now license the *Arrow* brand name for various products under approximately 35 license agreements. The products offered by our domestic licensing partners include:

Licensing Partner	Product Category
Humphrey's Accessories LLC	*Arrow* small leather goods, belts and accessories
Kellwood Company	*Arrow* men's and boys' sleepwear and loungewear
Fishman & Tobin, Inc.	*Arrow g*irls' school uniforms and boys' sportswear
Superba, Inc.	*Arrow* neckwear

Additional products sold bearing the *Arrow* mark include *Arrow* shirts, outerwear and other men's and women's apparel and accessories, primarily offered by our foreign licensees.

Calvin Klein Licensing

An important source of revenues for Calvin Klein is its business arrangements with licensees and other third parties worldwide that manufacture and distribute globally a broad array of products under the *Calvin Klein* brands. For fiscal 2004, approximately 45% of revenues from Calvin Klein's business partners was generated by its domestic business partners and approximately 55% was generated by its foreign business partners. Calvin Klein combines its design, marketing and imaging skills with the specific manufacturing, distribution and geographic capabilities of its business partners to enter into new product categories and extend existing lines of business. Calvin Klein's largest business partners in terms of royalty and other revenues earned by Calvin Klein in fiscal 2004 were:

- Warnaco, Inc. accounting for approximately 30%
- Unilever N.V. accounting for approximately 21%
- CK Jeanswear N.V. accounting for approximately 10%

Calvin Klein has over 30 licensing arrangements. The products offered by Calvin Klein's business partners include:

Business Partner	Product Category
Warnaco, Inc.	Men's, women's and children's jeanswear; men's underwear and sleepwear; women's intimate apparel and sleepwear; women's swimwear (commencing in 2005)
Unilever N.V.	Men's and women's fragrance and bath products
Marchon Eyewear, Inc.	Men's and women's optical frames and sunglasses

Onward Kashiyama Co. Ltd. (Japan)	Men's and women's apparel and certain casual attire and women's coats and accessories
CK Jeanswear N.V.	Men's, women's and children's jeanswear and women's belts
Design Works, Inc.	Soft home furnishings
CK Watch Co., Ltd. (Swatch SA)	Men's and women's watches and women's jewelry
McGregor Industries, Inc.	Men's and women's socks and women's tights
Peerless Delaware, Inc.	Men's tailored clothing
Jimlar Corporation	Men's and women's better shoes (commencing in 2005)

Additional products sold bearing *Calvin Klein* brands include certain men's furnishings, men's and women's small leather goods and table top furnishings. Kellwood Company, together with G.A.V., introduced a line of women's better sportswear in the United States under the *Calvin Klein* brand which commenced with the Spring 2004 season. We believe this line will become a prominent brand in the women's better sportswear sector because of the image and strength of the *Calvin Klein* brand. Vestimenta is producing men's and women's high-end collection apparel under the *Calvin Klein Collection* label, which commenced with the Spring 2004 season.

With respect to revenues generated from the sale of *Calvin Klein* men's underwear and sleepwear and women's intimate apparel and sleepwear, Warnaco pays us an administration fee based on Warnaco's worldwide sales of underwear, intimate apparel and sleepwear bearing any of the *Calvin Klein* marks under an administration agreement between Calvin Klein and Warnaco. Warnaco controls design and advertising related to the sale of underwear, intimate apparel and sleepwear products bearing the *Calvin Klein* name. See "Trademarks."

Wholesale Customers

Our wholesale business represents our core business and we believe that it is the basis for our brand equity. Currently, our products are distributed at wholesale through more than 10,000 doors in national and regional department, mid-tier department, mass market, specialty and independent stores in the United States. A few of our customers, including Federated, JCPenney, Kohl's, May and Wal-Mart account for significant portions of our revenues. Sales to our five largest customers were 28.8% of our revenues in fiscal 2004, 27.2% of our revenues in fiscal 2003 and 30.7% of our revenues in fiscal 2002. No single customer accounted for greater than 10% of our revenues in fiscal 2004. Assuming the merger of Federated and May announced on February 28, 2005, the emerging company would have accounted for 12.5% of our revenues in 2004.

We believe we provide our customers with a high level of service. We have six separate sales forces covering the following products and product categories:

- national brand dress shirts - *Van Heusen, Arrow, IZOD, Chaps* and *Eagle*
- designer brand dress shirts - *Calvin Klein, Geoffrey Beene, Kenneth Cole New York, Reaction Kenneth Cole, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Sean John* and *Donald J. Trump Signature Collection*
- *Van Heusen* and *Geoffrey Beene* sportswear
- *IZOD* sportswear
- *Arrow* sportswear
- *Calvin Klein* sportswear

Each sales force includes a team of sales professionals that works closely with our customers, providing them with a dedicated level of service which includes designing a focused selling strategy for each brand while ensuring that each brand's particular qualities and identities are strategically positioned to target a distinct consumer base.

Our customers offer our dress shirts and men's sportswear on the main floor of their stores and we offer our customers merchandising support with visual display fixtures and in-store marketing. When a line of our products is displayed in a stand-alone area on the main floor, we are able to further enhance brand recognition, to permit more complete merchandising of our lines and to differentiate the presentation of our products. We believe the broad appeal of our products, with multiple well known brands offering differing styles at different price points, together with our customer, advertising and marketing support and our ability to offer products with innovative qualities, allow us to expand and develop relationships with apparel retailers in the United States.

We believe that our investments in logistics and supply chain management allow us to respond rapidly to changes in sales trends and consumer demands while enhancing inventory management. We believe our customers can better manage their inventories as a result of our continuous analysis of sales trends, our broad array of product availability and our quick response capabilities. Certain of our products can be ordered at any time through our EDI replenishment systems. For customers who reorder these products, we generally ship these products within one to two days of order receipt.

Retail Stores

We operate approximately 700 retail stores under the *Van Heusen, IZOD, Bass, Geoffrey Beene* and *Calvin Klein* names. Ranging in size from 1,000 to 12,000 square feet, with an average of approximately 4,500 square feet, our stores are primarily located in outlet malls throughout the United States. We believe our retail division is an important complement to our wholesale operations because we believe that the stores further enhance consumer awareness of our brands by offering products that are not available in our wholesale lines, while also providing a means for managing excess inventory.

Our *Van Heusen* outlet stores offer men's dress shirts and neckwear, men's and women's sportswear, including woven and knit shirts, sweaters, bottoms and outerwear, and men's and women's accessories. These stores are targeted to the value-conscious, middle American consumer.

Our *IZOD* outlet stores offer men's and women's active-inspired sportswear, including knit and woven shirts, sweaters, bottoms and activewear. These stores focus on golf, travel and resort clothing.

Our *Bass* outlet stores offer casual and dress casual shoes for men, women and children. Most of our stores also carry apparel for men and women, including tops, bottoms and outerwear and accessories such as handbags, wallets, belts and travel gear.

Our *Geoffrey Beene* outlet stores offer men's dress shirts and neckwear, men's and women's sportswear including woven and knit shirts, sweaters, bottoms and outerwear and men's and women's accessories. These stores are targeted towards a more fashion-conscious, designer-oriented consumer.

Our *Calvin Klein* outlet stores are located in premium outlet centers and offer men's and women's apparel and other *Calvin Klein* products to communicate the *Calvin Klein* lifestyle. We also operate three stores that offer *Calvin Klein* men's and women's high-end collection apparel and accessories and other products under the *Calvin Klein* brands. These stores are located in New York City, Dallas and Paris.

Design

Our business depends on our ability to stimulate consumer tastes and demands, as well as on our ability to remain competitive in the areas of quality and price.

A significant factor that plays a role in the continued strength of our brands is our in-house design teams. We form separate teams of designers and merchandisers for each of our brands, and with respect to Calvin Klein, for each product category, creating a structure that focuses on the special qualities and identity of each brand and product. These designers and merchandisers consider consumer taste and lifestyle and trends when creating a brand or product plan for a particular season. The process from initial design to finished product varies greatly, but generally spans six to ten months prior to each selling season. Our product lines are developed primarily for two major selling seasons, Spring and Fall. However, certain of our product lines offer more frequent introductions of new merchandise.

Calvin Klein has developed a cohesive team of senior design directors who share a vision for the *Calvin Klein* brands and who each lead a separate design team. We have maintained the in-house design teams of Calvin Klein since the acquisition in 2003. These teams control all design operations and product development for most licensees and other strategic alliances. In addition, new teams sharing the same vision were assembled for our men's better sportswear line and for overseeing all design operation and product development in connection with the licensing of the women's better sportswear line.

Sourcing and Production

To address the needs of our customers, we are continuing to make investments and develop strategies to enhance our ability to provide our customers with timely product availability and delivery. Our investments in sophisticated systems should allow us to reduce the cycle time between the design of products to the delivery of those products to our customers. We believe the enhancement of our supply chain efficiencies and working capital management through the effective use of our distribution network and overall infrastructure will allow us to better control costs and provide improved service to our customers.

In 2004, over 200 different manufacturers produced our products in approximately 300 factories and 35 countries worldwide. As a result of quota elimination on textiles and apparel-related products from World Trade Organization ("WTO") member countries in 2005, there may be a decrease in the number of different manufacturers who produce our products in 2005. During fiscal 2004, in excess of 95% of our products were produced by manufacturers located in foreign countries. We source finished products and raw materials. Raw materials include fabric, buttons, thread, labels and similar materials. Raw materials and production commitments are generally made two to six months prior to production and quantities are finalized at that time. We believe we are one of the largest procurers of shirting fabric in the world. Finished products consist of manufactured and fully assembled products ready for shipment to our cust omers and our stores. Most of our dress shirts and all of our sportswear are sourced and manufactured to our specifications by independent manufacturers in the Far East, Indian subcontinent, Middle East, Caribbean and Central America who meet quality, cost and human rights criteria we have established. Our footwear is sourced and manufactured to our specifications by manufacturers who meet our quality, cost and human rights requirements, principally located in the Far East, Europe, South America and the Caribbean. No single supplier is critical to our production needs, and we believe that an ample number of alternative suppliers exist should we need to secure additional or replacement production capacity and raw materials. Given our extensive network of sourcing partners, we believe we are able to obtain goods at low cost and on a timely basis.

Our foreign offices and buying agents enable us to monitor the quality of the goods manufactured by, and the delivery performance of, our suppliers, which includes the enforcement of human rights standards through our ongoing approval and monitoring system. In addition, sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made either to increase or reduce inventories. We continually seek additional suppliers throughout the world for our sourcing needs and place our orders in a manner designed to limit the risk that a disruption of production at any one facility could cause a serious inventory problem. We have not experienced significant production delays or difficulties in importing goods. Our purchases from our suppliers are effected through individual purchase orders specifying the price and quantity of the items to be produced.

Approximately 6% of our dress shirts are manufactured in our domestic apparel manufacturing facility located in Ozark, Alabama. This facility, which we own, is approximately 108,000 square feet, and is utilized by us primarily as a quick response facility, including by fulfilling product replenishment orders.

Warehousing and Distribution

To facilitate distribution, our products are shipped from manufacturers to our wholesale and retail warehousing and distribution centers for inspection, sorting, packing and shipment to our customers. Ranging in size from 112,000 to 575,000 square feet, our centers are located in North Carolina, Tennessee, Pennsylvania, Georgia and Arkansas. Each of our centers is generally dedicated to serving either our wholesale customers or our retail stores. Our warehousing and distribution centers are designed to provide responsive service to our customers and our retail stores, as the case may be, on a cost-effective basis. This includes the use of various forms of electronic communications to meet customer needs, including advance shipping notices for all major customers. We believe that our distribution centers and capabilities compare favorably on a cost and service basis with those of our competitors and that these constitute part of our core competencies.

Advertising and Promotion

We market substantially all of our products on a brand-by-brand basis targeting distinct consumer demographics and lifestyles. Our marketing programs are an integral feature of our product offerings. Advertisements generally portray a lifestyle rather than a specific item. We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness and consumer loyalty. We believe that our brands are successful in their respective segments because we have strategically positioned each brand to target a distinct consumer demographic. We will continue to design and market our products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers and produce consumer loyalty.

We advertise our brands primarily in national print media, including fashion, entertainment/human interest, business, men's, women's, niche and sports magazines and *The New York Times*. We also participate in cooperative advertising programs with our customers, as we believe that brand awareness and in-store positioning are further strengthened by our contributions to such programs.

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

We believe Calvin Klein is one of the best known designer names in the world. One of the efforts that helps to establish the *Calvin Klein* image is its high-profile, cutting-edge advertising campaigns that stimulate admiration, publicity, curiosity and debate. Calvin Klein has a dedicated in-house advertising agency, with experienced in-house creative and media teams that develop and execute a substantial portion of the advertising for products under the *Calvin Klein* brands. The teams work closely with other functional areas within Calvin Klein and its licensing and other business partners to deliver a consistent and unified brand message to the consumer. Calvin Klein oversees a worldwide marketing, advertising and promotion program of over $200 million, a majority of which is funded by its licensees.

Calvin Klein products are advertised primarily in national print media, through outdoor signage and, with respect to fragrances, in television advertising spots. We believe promotional activities throughout the year further strengthen brand awareness of the *Calvin Klein* brands. The Spring and Fall *Calvin Klein* high-end apparel collections are presented at major fashion shows in New York City and Milan, which typically generate extensive media coverage. Other Calvin Klein promotional efforts include in-store appearances by fashion models, providing wardrobes to celebrities for award ceremonies, product launches, gift-with-purchase programs, charity events and special corporate-sponsored events.

We have continued the Calvin Klein advertising and promotional practices and strategies since the acquisition. We have not reduced, and do not intend to reduce, the Calvin Klein marketing and advertising teams and continue to maintain the Calvin Klein advertising and promotions budget at or above recent historical levels.

Trademarks

We own the *Van Heusen, Bass, G.H. Bass & Co., IZOD, IZOD G* and *Eagle* brands, as well as related trademarks and lesser-known names. As a result of our recent acquisition of the *Arrow* tradename, we also own the *Arrow* brand worldwide. We beneficially own the *Calvin Klein Collection*, *Calvin Klein*, *ck* and *ck Calvin Klein* marks. Calvin Klein and Warnaco are co-owners of the Calvin Klein Trademark Trust, which is the sole and exclusive title owner of substantially all registered *Calvin Klein Collection, Calvin Klein*, *ck* and *ck Calvin Klein* trademarks. The sole purpose of the trust is to hold these marks. Calvin Klein maintains and protects the marks on behalf of the trust pursuant to a servicing agreement. The trust exclusively licenses to Warnaco on a perpetual, royalty-free basis the use of the marks on men's underwear and sleepwear and women's intimate apparel and sleepwear, and to Calvin Klein on a perpetual, royalty-free basis the use of the marks on all other products. Warnaco pays us a fee based on Warnaco's worldwide sales of underwear, intimate apparel and sleepwear products bearing any of the *Calvin Klein* marks under an administration agreement between Calvin Klein and Warnaco.

With respect to our *Calvin Klein Collection, Calvin Klein, ck* and *ck Calvin Klein* marks, we allow Mr. Calvin Klein to retain the right to use his name, on a non-competitive basis, with respect to his right of publicity, unless those rights are already being used in the Calvin Klein business. We also grant Mr. Klein a royalty-free worldwide right to use the *Calvin Klein* mark with respect to certain personal businesses and activities, such as motion picture, television and video businesses, a book business, writing, speaking and/or teaching engagements, non-commercial photography, charitable activities and architectural and industrial design projects, subject to certain limitations designed to protect the image and prestige of the *Calvin Klein* brands and to avoid competitive conflicts.

Our trademarks are the subject of registrations and pending applications throughout the world for use on a variety of apparel, footwear and related products, and we continue to expand our worldwide usage and registration of new and related trademarks. In general, trademarks remain valid and enforceable as long as the marks continue to be used in connection with the products and services with which they are identified and, as to registered tradenames, the required registration renewals are filed. In markets outside of the United States, particularly those where products bearing any of our brands are not sold by us or any of our licensees or other authorized users, our rights to the use of trademarks may not be clearly established.

We regard the license to use our trademarks and our other intellectual property rights in the trademarks as valuable assets in marketing our products and, on a worldwide basis, vigorously seek to protect them against infringement. We are susceptible to others imitating our products and infringing our intellectual property rights. This is especially the case with respect to the *Calvin Klein* brands, as the *Calvin Klein* brands enjoy significant worldwide consumer recognition and their generally higher pricing provides significant opportunity and incentive for counterfeiters and infringers. Calvin Klein has a broad, proactive enforcement program, which we believe has been generally effective in controlling the sale of counterfeit products in the United States and in major markets abroad. We have taken enforcement action with respect to our other marks on an as needed basis.

Our Relationship with Mr. Klein

In order to assist in a seamless transition of our acquisition of Calvin Klein, in 2003 we entered into a three-year consulting agreement with Mr. Klein for $1.0 million per year. Mr. Klein is available to consult on advertising, marketing, design, promotion and publicity aspects of Calvin Klein.

Prior to our acquisition of Calvin Klein, Calvin Klein was obligated to pay Mr. Klein and his heirs in perpetuity a percentage of sales of certain products bearing any of the *Calvin Klein* brands under a design services letter agreement. In connection with our acquisition of Calvin Klein, we bought all of Mr. Klein's rights under that agreement in consideration of a warrant to purchase our common stock and for granting him the right to receive from us contingent purchase price payments for a period of 15 years based on a percentage of total worldwide net sales of products bearing any of the *Calvin Klein* brands. In addition, Mr. Klein was released from all of his obligations under that agreement, including his obligation to render design services to Calvin Klein, and the design services letter agreement was terminated. Our obligation to make contingent purchase price payments to Mr. Klein in connection wi th our acquisition of Calvin Klein is guaranteed by our Calvin Klein subsidiaries and is secured by a subordinated pledge of all of the equity interests in our Calvin Klein subsidiaries and a subordinated lien on substantially all of our domestic Calvin Klein subsidiaries' assets. Events of default under the agreements governing the collateral for our contingent payment obligations to Mr. Klein, include, but are not limited to (1) our failure to make payments to Mr. Klein when due, (2) covenant defaults, (3) cross-defaults to other indebtedness in excess of an agreed amount, (4) events of bankruptcy, (5) monetary judgment defaults and (6) a change of control, including the sale of any portion of the equity interests in our Calvin Klein subsidiaries. An event of default under those agreements would permit Mr. Klein to foreclose on his security interest in the collateral. In addition, if we fail to pay Mr. Klein a contingent purchase price payment when due and such failure to pay continues for 60 days or more after a final judgment by a court is rendered relating to our failure to pay, Mr. Klein will no longer be restricted from competing with us as he otherwise would be under the non-competition provisions contained in the purchase agreement relating to our acquisition of Calvin Klein, although he would still not be able to use any of the *Calvin Klein* brands or any similar trademark in any competing business.

Competition

The apparel and footwear industries are competitive as a result of their fashion orientation, mix of large and small producers, the flow of domestic and imported merchandise and the wide diversity of retailing methods. Some of our larger branded apparel and footwear competitors include Polo/Ralph Lauren, Tommy Hilfiger, Nautica, Perry Ellis, Timberland and Rockport. As a result of our acquisition of Calvin Klein, we believe Donna Karan, Ralph Lauren's Purple Label, Giorgio Armani, Gucci and Prada also are our competitors. In addition, we face significant competition from retailers, including our own wholesale customers, through their private label programs.

We compete primarily on the basis of style, quality and service. Our business depends on our ability to stimulate consumer tastes and demands, as well as on our ability to remain competitive in the areas of quality, service and price. We believe we are particularly well-positioned to compete in the apparel and footwear industries. Our diversified portfolio of apparel brands and apparel and footwear products and our use of multiple channels of distribution have allowed us to develop a business that produces results which are not dependent on any one demographic group, merchandise preference or distribution channel. We have developed a portfolio of brands that appeal to a broad spectrum of consumers. Our owned brands have long histories and enjoy high recognition within their respective consumer segments. We develop our owned and licensed brands to complement each other and to generate strong consumer loyalty. The *C alvin Klein* brands provide us with the opportunity to develop businesses that target different consumer groups at higher price points and in higher-end distribution channels than our other brands, as well as with significant global opportunities due to the worldwide recognition of the brands.

Imports and Import Restrictions

A substantial portion of our products is manufactured by contractors located outside the United States. These products are imported and are subject to U.S. customs laws, which impose tariffs as well as import quota restrictions for textiles and apparel established by the U.S. government in accordance with the WTO agreement regarding international trade in textiles, known as the "WTO Agreement on Textiles and Clothing" and other applicable statutes. Under the provisions of the WTO agreement, effective as of January 1, 2005, the U.S. and other WTO member countries have eliminated quotas on textiles and apparel-related products from WTO member countries. As a result, quota restrictions no longer affect our business in most countries. Notwithstanding quota elimination, under China's agreement for membership in the WTO, the U.S. may impose safeguard quotas on specific categories of products imported from China i f imports surge. Because of this possibility, we will closely monitor our sourcing in China to avoid potential disruption. Moreover, if the elimination of quota results in import surges from certain countries, the U.S. may impose additional duties or other trade actions. Presently, a portion of our imported products is eligible for certain duty-advantaged programs commonly known as NAFTA, AGOA, CBTPA and CBI.

Environmental Matters

Our facilities and operations are subject to various environmental, health and safety laws and regulations, including the proper maintenance of asbestos-containing materials. In addition, we may incur liability under environmental statutes and regulations with respect to the contamination of sites that we own or operate or previously owned or operated (including contamination caused by prior owners and operators of such sites, abutters or other persons) and the off-site disposal of hazardous materials. We believe our operations are in compliance with terms of all applicable laws and regulations.

Employees

As of January 30, 2005, we employed approximately 4,900 persons on a full-time basis and approximately 4,200 persons on a part-time basis. Approximately 4% of our employees are represented for the purpose of collective bargaining by five different unions. Additional persons, some represented by these five unions, are employed from time to time based upon our manufacturing schedules and retailing seasonal needs. Our collective bargaining agreements generally are for three-year terms. We believe that our relations with our employees are satisfactory.

Executive Officers

The following table sets forth the name, age and position of each of our executive officers:

Name	Age	Position
Bruce J. Klatsky	56	Chairman and Chief Executive Officer; Director
Mark Weber	56	President and Chief Operating Officer; Director
Emanuel Chirico	47	Executive Vice President and Chief Financial Officer
Francis K. Duane	48	Vice Chairman, Sportswear
Allen E. Sirkin	62	Vice Chairman, Dress Shirts
Michael Zaccaro	59	Vice Chairman, Retail

Mr. Bruce J. Klatsky has been employed by us in various capacities over the last 30 years, and was our President from 1987 to March 1998. Mr. Klatsky was named Chief Executive Officer in June 1993 and Chairman of the Board in June 1994.

Mr. Mark Weber has been employed by us in various capacities over the last 30 years, had been a Vice President since 1988, was Vice Chairman since 1995 and was named President and Chief Operating Officer in 1998.

Mr. Emanuel Chirico joined us as Vice President and Controller in 1993. Mr. Chirico was named Executive Vice President and Chief Financial Officer in 1999.

Mr. Francis K. Duane became Vice Chairman, Sportswear in 2001, after serving as President of our Izod division since May 1998.

Mr. Allen E. Sirkin has been employed by us since 1985. He served as Chairman of our Apparel Group from 1990 until 1995 and was named Vice Chairman, Dress Shirts in 1995.

Mr. Michael Zaccaro became a Vice Chairman in April 2002. Prior to that he was Group President, Van Heusen and Izod Retail from August 2001 until April 2002 and President, Izod Retail from January 1999 until July 2001.

Each of our executive officers holds the office indicated until his or her successor is chosen and qualified at the regular meeting of the board of directors held immediately following the annual meeting of stockholders.

On March 4, 2005, we announced a succession plan that will be implemented over the course of 2005, commencing on the date of our 2005 annual meeting of stockholders. Under this plan, Mr. Klatsky will relinquish his title and responsibilities as Chief Executive Officer on June 14, 2005 (the date of the annual meeting), Mr. Weber will succeed Mr. Klatsky as Chief Executive Officer, and Mr. Chirico will succeed Mr. Weber as President and Chief Operating Officer and will be nominated for a seat on the board of directors. Mr. Klatsky will continue as an employee of the Company to assist in an orderly transition and will retire at the end of 2005. In addition, he will be nominated for re-election at the 2005 annual meeting of stockholders as a director of the Company, to serve as Chairman until the 2006 annual meeting of stockholders, if re-elected.

Risk Factors

Our substantial level of debt could impair our financial condition.

We currently have a substantial amount of debt. Our significant level of debt could have important consequences to investors, including:

- requiring a substantial portion of our cash flows from operations be used for the payment of interest on our debt, therefore reducing the funds available to us for our operations or other capital needs;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate because our available cash flow after paying principal and interest on our debt may not be sufficient to make the capital and other expenditures necessary to address these changes;
- increasing our vulnerability to general adverse economic and industry conditions because, during periods in which we experience lower earnings and cash flow, we will be required to devote a proportionally greater amount of our cash flow to paying principal and interest on our debt;
- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to fund working capital, capital expenditures and general corporate requirements; and
- any borrowings we make at variable interest rates, including our revolving credit facility, leave us vulnerable to increases in interest rates generally.

We may not be able to continue to realize revenue growth from Calvin Klein.

A significant portion of our business strategy involves growing the Calvin Klein business. Our realization of revenue growth from Calvin Klein will depend largely upon our ability to:

- successfully design and market the *Calvin Klein* men's better sportswear line over time;
- successfully design and market the *Calvin Klein* women's better sportswear line over time through our licensing relationship with Kellwood and G.A.V.;
- continue to develop the licensing relationship with Vestimenta for the men's and women's high-end collection apparel businesses;
- successfully operate a chain of *Calvin Klein* retail outlet stores in premium outlet malls;
- maintain and enhance the distinctive brand identity of *Calvin Klein;*
- maintain good working relationships with Calvin Klein's licensees and enter into new licensing arrangements; and
- continue to execute our strategies for Calvin Klein without adversely impacting our existing business.

We cannot assure you that we can successfully execute any of these actions or our growth strategy for the *Calvin Klein* brands or that the launch of any *Calvin Klein* branded products by us or our licensees will achieve the degree of consistent success necessary to generate profits or positive cash flow. Our ability to successfully carry out our growth strategy may be affected by, among other things, our ability to enhance our relationships with existing customers to obtain additional selling space and develop new relationships with apparel retailers, economic and competitive conditions, changes in consumer spending patterns and changes in consumer tastes and style trends. If we fail to develop and grow successfully the Calvin Klein business, our financial condition and results of operations may be materially and adversely affected.

A substantial portion of our revenues and gross profit is derived from a small number of large customers and the loss of any of these customers could substantially reduce our revenues.

A few of our customers, including Federated, JCPenney, Kohl's, May and Wal-Mart, account for significant portions of our revenues. Sales to our five largest customers were 28.8% of our revenues in fiscal 2004, 27.2% of our revenues in fiscal 2003 and 30.7% of our revenues in fiscal 2002. We do not have long-term agreements with any of our customers and purchases generally occur on an order-by-order basis. A decision by any of our major customers, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing or other business partners, or to change their manner of doing business with us or our licensing or other business partners, could substantially reduce our revenues and have a material adverse effect on our financial condition and results of operations. The retail industry has, in the past, experienced a grea t deal of consolidation and other ownership changes. Retailers, in the future, may further consolidate, undergo restructurings or reorganizations, realign their affiliations or reposition their stores' target market. In early 2005, for instance, Federated and May announced that they propose to merge. The emerging entity would have accounted for 12.5% of our revenue in 2004. In addition, there have been recent published reports that Saks may put itself up for sale and that JCPenney may be a takeover target. Any of these types of actions could decrease the number of stores that carry our products or increase the ownership concentration within the retail industry. These changes could both decrease our opportunities in the market and increase our reliance on a smaller number of large customers.

Our business could be adversely affected by financial instability experienced by our customers.

During the past several years, various retailers have experienced significant financial difficulties, which have resulted in bankruptcies, liquidations and store closings. We sell our products primarily to national and regional department, mid-tier department and mass market stores in the United States on credit and evaluate each customer's financial condition on a regular basis in order to determine the credit risk we take in selling goods to them. The financial difficulties of a customer could cause us to curtail business with that customer and we may be unable to shift sales to another viable customer. We may also assume more credit risk relating to receivables of a customer experiencing financial instability. Should these circumstances arise with respect to our customers, our inability to shift sales or to collect on our trade accounts receivable from any one of our customers could substantially reduce our revenu es and have a material adverse effect on our financial condition and results of operations.

We primarily use foreign suppliers for our products and raw materials, which poses risks to our business operations.

During fiscal 2004, in excess of 95% of our apparel products and 95% of our raw materials for apparel were produced by and purchased or procured from independent manufacturers located in countries in the Far East, Indian subcontinent, Middle East, Caribbean and Central America. We believe that we are one of the largest procurers of shirting fabric in the world. Additionally, our footwear products and the raw materials therefor were produced by and purchased or procured from manufacturers located principally in countries in the Far East, Europe, South America and the Caribbean. Although no single supplier and no one country is critical to our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations:

- political or labor instability in countries where contractors and suppliers are located;
- political or military conflict involving the United States, which could cause a delay in the transportation of our products and raw materials to us and an increase in transportation costs;
- heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti-counterfeiting measures and damage to the reputation of our brands;
- a significant decrease in availability or increase in cost of raw materials, particularly petroleum-based synthetic fabrics, which are currently in high demand;
- disease epidemics and health related concerns, such as the SARS outbreak and the mad cow and hoof and mouth disease outbreaks in recent years, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturers, which could affect where our products are or are planned to be produced;
- imposition of regulations and quotas relating to imports and our ability to adjust timely to changes in trade regulations, which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and expertise needed;
- imposition of duties, taxes and other charges on imports;

- significant fluctuation of the value of the dollar against foreign currencies; and
- restrictions on transfers of funds out of countries where our foreign licensees are located.

If our manufacturers fail to use acceptable ethical business practices, our business could suffer.

We require our manufacturers to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance. Additionally, we impose upon our business partners, operating guidelines that require additional obligations in those areas in order to promote ethical business practices, and our staff and third parties we retain for such purposes periodically visit and monitor the operations of our independent manufacturers to determine compliance. However, we do not control our independent manufacturers or their labor and other business practices. If one of our manufacturers violates labor or other laws or implements labor or other business practices that are generally regarded as unethical in the United States, the shipment of finished products to us could be interrupted, orders could be cancelled, relationships could be terminated and our reputation cou ld be damaged. Any of these events could have a material adverse effect on our revenues and, consequently, our results of operations.

Our reliance on independent manufacturers could cause delay and damage customer relationships.

In fiscal 2004, we relied upon independent third parties for the manufacture of more than 95% of our apparel products and 100% of our footwear products. We do not have long-term contracts with any of our suppliers. A manufacturer's failure to ship products to us in a timely manner or to meet required quality standards could cause us to miss the delivery date requirements of our customers for those products. As a result, customers could cancel their orders, refuse to accept deliveries or demand reduced prices. Any of these actions taken by our customers could have a material adverse effect on our revenues and, consequently, our results of operations.

A significant portion of our revenues are dependent on royalties and licensing.

In fiscal 2004, $181.2 million, or 11.0%, of our revenues were derived from licensing royalties and other revenues, principally in our Calvin Klein Licensing segment. Royalty and other revenues from Calvin Klein's three largest business partners accounted for approximately 61% of its royalty and other revenues in fiscal 2004. We also derive licensing revenues from our *Van Heusen, IZOD, IZOD G, G.H. Bass & Co.* and *Arrow* brand names. Our three largest licensing partners accounted for approximately 39% of licensing revenue for these brand names as a group in fiscal 2004. The operating profit associated with our royalty and other revenues is significant because the operating expenses directly associated with administering and monitoring an individual licensing or similar agreement are minimal. Therefore, the loss of a significant business partner, whether due to the termination or expiration of the rela tionship, the cessation of the business partner's operations or otherwise (including as a result of financial difficulties), without an equivalent replacement, could materially affect our profitability. For example, Warnaco accounted for approximately 30% of Calvin Klein's royalty and other revenues in fiscal 2004. Although Warnaco emerged from bankruptcy proceedings in 2003, no assurance can be given as to its future financial stability. While we generally have significant control over our business partners' products and advertising, we rely on our business partners for, among other things, operational and financial controls over their businesses. Our business partners' failure to successfully market licensed products or our inability to replace our existing business partners could adversely affect our revenues both directly from reduced royalty and other revenues received and indirectly from reduced sales of our other products. Risks are also associated with a business partner's ability to:

- obtain capital;
- manage its labor relations;
- maintain relationships with its suppliers;
- manage its credit risk effectively; and
- maintain relationships with its customers.

In addition, we rely on our business partners to preserve the value of our brands. Although we make every attempt to protect our brands through, among other things, approval rights over design, production quality, packaging, merchandising, distribution, advertising and promotion of our products, we cannot assure you that we can control the use by our business partners of each of our licensed brands. The misuse of our brands by a business partner could have a material adverse effect on our business, financial condition and results of operations. For example, Calvin Klein in the past has been involved in legal proceedings with Warnaco with respect to certain quality and distribution issues. As a result of our acquisition of Calvin Klein in 2003, Warnaco is entitled to control design and advertising related to the sale of underwear, intimate apparel and sleepwear products bearing the *Calvin Klein* brands. We cannot assure you that Warnaco will continue to maintain the same standards of design and advertising previously maintained by Calvin Klein, although we believe they are generally obligated to do so.

Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop.

Our retail stores are located principally in outlet malls, which are typically located in or near vacation destinations or away from large population centers where department stores and other traditional retailers are concentrated. As a result, fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including as a result of war, terrorist attacks or the perceived threat of war or terrorist attacks, which would lead to decreased travel, could have a material adverse affect on us, as was the case after the September 11th terrorist attacks. Other factors which could affect the success of our stores include:

- the location of the mall or the location of a particular store within the mall;
- the other tenants occupying space at the mall;
- increased competition in areas where the outlet malls are located;
- a downturn in the economy generally or in a particular area where an outlet mall is located; and
- the amount of advertising and promotional dollars spent on attracting consumers to the malls.

We may be unable to protect our trademarks and other intellectual property rights.

Our trademarks and other intellectual property rights are important to our success and our competitive position. We are susceptible to others imitating our products and infringing our intellectual property rights. Since our acquisition of Calvin Klein in 2003, we are more susceptible to infringement of our intellectual property rights, as the *Calvin Klein* brands enjoy significant worldwide consumer recognition and the generally higher pricing of *Calvin Klein* branded products creates additional incentive for counterfeiters and infringers. Imitation or counterfeiting of our products or infringement of our intellectual property rights could diminish the value of our brands or otherwise adversely affect our revenues. We cannot assure you that the actions we have taken to establish and protect our trademarks and other intellectual property rights will be adequate to prevent imitation of our products by other s or to prevent others from seeking to invalidate our trademarks or block sales of our products as a violation of the trademarks and intellectual property rights of others. In addition, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other intellectual property rights of ours or in marks that are similar to ours or marks that we license and/or market or that we will be able to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to our marks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the United States. In other cases, there may be holders who have prior rights to similar marks. For example, we were involved in a proceeding relating to a company's claim of prior rights to the *IZOD* mark in Mexico, and Calvin Klein was involved in a proceeding relating to a company's claim of prior rights to the *Calvin Klein* mark in Chile. We are currently involved in opposition and cancellation proceedings with respect to marks similar to some of our brands, both domestically and internationally.

The success of Calvin Klein depends on the value of our Calvin Klein brands, and if the value of those brands were to diminish, our business could be adversely affected.

Our success depends on our brands and their value. The *Calvin Klein* name is integral to the existing Calvin Klein business, as well as to the implementation of our strategies for growing and expanding Calvin Klein. Although Mr. Klein will continue as a consultant until February 2006, he is no longer a member of management. Our Calvin

Klein business could be adversely affected if there is a perception by consumers that, as a result of the sale of the business, Mr. Klein's role has changed in a manner that is disadvantageous to the Calvin Klein business. The *Calvin Klein* brands could be adversely affected if Mr. Klein's public image or reputation were to be tarnished. We may seek in the future stockholder approval to change the name of our company to "Calvin Klein Inc." or a similar name. Any such name change could increase our risks related to the public perception of the *Calvin Klein* name.

Our success is dependent on the strategies and reputation of our licensors.

Our business strategy is to offer our products on a multiple brand, multiple channel and multiple price point basis. This strategy is designed to provide stability should market trends shift. As part of this strategy we license the names and brands of recognized designers and celebrities, including Kenneth Cole, Max Azria, Michael Kors, Sean "P. Diddy" Combs (Sean John) and Donald J. Trump. In entering into these license agreements, we plan on our products to be targeted towards certain market segments based on consumer demographics, design, suggested pricing and channel of distribution in order to minimize competition between our own products and estimate profitability. If any of our licensors determines to "re-position" their products under the brands we license from them, introduce similar products under similar brand names or otherwise change the parameters of design, pricing, distribution, ta rget market or competitive set, we could experience a significant downturn in that brand's business, adversely affecting our sales and profitability. In addition, as products may be personally associated with these designers and celebrities, our sales of those products could be materially and adversely affected if any of those individual's images or reputations were to be negatively impacted.

Our revenues and profits are cyclical and sensitive to general economic conditions, consumer confidence and spending patterns.

The apparel and footwear industries in which we operate have historically been subject to substantial cyclical variations and are particularly affected by adverse trends in the general economy, with consumer spending tending to decline during recessionary periods. The success of our operations depends on consumer spending. Consumer spending is impacted by a number of factors, including actual and perceived economic conditions affecting disposable consumer income (such as unemployment, wages and salaries), business conditions, interest rates, availability of credit and tax rates in the general economy and in the international, regional and local markets where our products are sold. Any significant deterioration in general economic conditions or increases in interest rates could reduce the level of consumer spending and inhibit consumers' use of credit. In addition, war, terrorist activity or the threat of war and terr orist activity could adversely affect consumer spending, and thereby have a material adverse effect on our financial condition and results of operations.

We face intense competition in the apparel and footwear industries.

Competition is strong in the segments of the apparel and footwear industries in which we operate. We compete with numerous domestic and foreign designers, brands and manufacturers of apparel, accessories and footwear, some of which are significantly larger or more diversified or have greater resources than we do. In addition, through their use of private label programs, we compete directly with our wholesale customers. We compete within the apparel and footwear industries primarily on the basis of:

- anticipating and responding to changing consumer tastes and demands in a timely manner and developing attractive, quality products;
- maintaining favorable brand recognition;
- appropriately pricing products and creating an acceptable value proposition for customers;
- providing strong and effective marketing support;
- ensuring product availability and optimizing supply chain efficiencies with third party manufacturers and retailers; and
- obtaining sufficient retail floor space and effective presentation of our products at retail.

We attempt to minimize risks associated with competition, including risks related to changing style trends and product acceptance, by closely monitoring retail sales trends. The failure, however, to compete effectively or to keep pace with rapidly changing markets could have a material adverse effect on our business, financial condition and results of operations. In addition, if we misjudge the market for our products, we could be faced with significant excess inventories for some products and missed opportunities with others.

The loss of members of our executive management and other key employees could have a material adverse effect on our business.

We depend on the services and management experience of our executive officers who have substantial experience and expertise in our business. We also depend on other key employees involved in our licensing, design and advertising operations. Competition for qualified personnel in the apparel and footwear industries is intense, and competitors may use aggressive tactics to recruit our key employees. The unexpected loss of services of one or more of these individuals could materially adversely affect us.

Significant influence by certain stockholders.

In connection with our acquisition of Calvin Klein, affiliates of Apax Managers, Inc. and Apax Partners Europe Managers Limited purchased our Series B convertible redeemable preferred stock, which, as of January 30, 2005, was convertible by them into 36.8% of our outstanding common stock. If we elect not to pay a cash dividend for any quarter, then the Series B convertible redeemable preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend has been paid. As a result, it is possible that if we do not pay a cash dividend on the Series B convertible redeemable preferred stock in any quarter through the fourth quarter of fiscal 2013 (assuming no further issuances of common stock, including as a result of the exercise of stock options), a change in control will result under our existing various indentures and certain other agre ements.

While the holders of our Series B convertible redeemable preferred stock are prohibited from initiating a takeover, in certain circumstances, they may be able to participate in a bidding process initiated by a third party. As long as affiliates of the Apax affiliates own at least 50% of the shares of our Series B convertible redeemable preferred stock initially sold to the Apax affiliates, they will have the ability to prevent a change of control, or a sale of all or substantially all of our assets. Additionally, as long as 50% of our Series B convertible redeemable preferred stock remains outstanding, the holders of our Series B convertible redeemable preferred stock will have a right to purchase their pro rata share of newly-issued securities. The holders of our Series B convertible redeemable preferred stock have certain additional rights, including the right to approve the issuance of certain new series of our pr eferred stock, which could also have the effect of discouraging a third party from pursuing a non-negotiated takeover, and preventing changes in control, of our company.

As a result of the rights related to their ownership of our Series B convertible redeemable preferred stock, the Apax affiliates have substantial influence over us, including by virtue of their right to elect separately as a class three directors and to have one of their directors serve on the compensation, nominating and executive committees of our board subject to applicable law, rule and regulation.

Item 2. Properties

The general location, use, ownership status and approximate size of the principal properties which we currently occupy are set forth below:

Location	Use	Ownership Status	Approximate Area in Square Feet
New York, New York	Corporate, apparel and footwear administrative offices and showrooms	Leased	138,000
New York, New York	Calvin Klein administrative offices and showrooms	Leased	135,000
Bridgewater, New Jersey	Corporate, apparel and footwear administrative offices	Leased	163,000
Ozark, Alabama	Apparel manufacturing facilities	Owned	108,000
Reading, Pennsylvania	Apparel warehouse and distribution center	Owned	410,000
Chattanooga, Tennessee	Apparel warehouse and distribution center	Owned	451,000
Chattanooga, Tennessee	Apparel storage	Leased	43,000
Schuylkill Haven, Pennsylvania	Apparel warehouse and distribution center	Owned	251,000
Schuylkill Haven, Pennsylvania	Apparel storage	Leased	53,000
Austell, Georgia	Apparel warehouse and distribution center	Leased	421,000
Brinkley, Arkansas	Apparel warehouse and distribution center	Owned	112,000
Jonesville, North Carolina	Apparel and footwear warehouse and distribution center	Owned	575,000

In addition, we lease certain other administrative/support offices and showrooms in various domestic and international locations. We also currently operate and lease approximately 700 apparel and footwear retail stores principally in the United States.

In connection with our acquisition of Calvin Klein, we acquired leases for a warehouse and distribution center, which also housed administrative offices, in North Bergen, New Jersey. We have exited the North Bergen, New Jersey facility in connection with our licensing arrangement with Vestimenta. This facility is now subleased by us to third parties.

In connection with our licensing of the *Bass* brand to Brown Shoe for wholesale footwear, we closed our Wilton, Maine and North Jay, Maine warehouses and distribution centers. We no longer use a leased facility in South Portland, Maine, which previously housed our footwear administrative offices. A portion of this facility is now sub-leased by us to third parties. Continuing operations relating to our *Bass* retail business were relocated to our New York, New York and Bridgewater, New Jersey facilities.

Information with respect to minimum annual rental commitments under leases in which we are a lessee is included in Note 10, "Leases," to the Consolidated Financial Statements included in Item 8 of this report.

Item 3. Legal Proceedings

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

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

During the fourth quarter of fiscal 2004, no matters were submitted to a vote of our security holders.

PART II

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

Certain information with respect to the market for our common stock, which is listed on the New York Stock Exchange, and related security holder matters appear in the Notes to Consolidated Financial Statements under Note 18, "Other Comments," on page F-27, "Selected Quarterly Financial Data" on page F-29 and "Ten Year Financial Summary" on pages F-34 and F-35. As of April 1, 2005, there were 957 stockholders of record of our common stock. The closing price of our common stock on April 1, 2005 was $26.24.

There were no issuer purchases of equity securities in the fourth quarter of 2004.

Item 6. Selected Financial Data

Selected Financial Data appears under the heading "Ten Year Financial Summary" on pages F-34 and F-35.

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

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 elsewhere in this report.

We are one of the largest apparel companies in the world. Our portfolio of brands includes *Van Heusen*, *Calvin Klein*, *IZOD*, *Arrow*, *G.H. Bass & Co.* and *Bass*, which are owned, and *Geoffrey Beene*, *Kenneth Cole New York*, *Reaction Kenneth Cole*, *BCBG Max Azria*, *BCBG Attitude*, *MICHAEL Michael Kors*, *Sean John*, *Chaps* and, beginning in early 2005, *Donald J. Trump Signature Collection*, which are licensed. Importantly, our acquisition of Calvin Klein, Inc. in February 2003 provided us with an additional platform for growth in revenues and profitability. This acquisition also further diversified our business model by providing a growth opportunity from a strong and highly profitable licensing stream which does not require investments in working capital.

Our historical strategy has been to manage and market a portfolio of nationally recognized brands across multiple product categories, through multiple channels of distribution and at multiple price points. This strategy was enhanced by the Calvin Klein acquisition, which provides us with one of the most famous designer names in the world. Here, we acquired a solid base of licensed businesses offering a broad range of products globally under multiple *Calvin Klein* brands in a range of price points. As importantly, we also have a significant opportunity to broaden the reach of the *Calvin Klein* brands through growth of existing businesses and entry into new businesses, both directly by us and through licensees. This additional diversification, in terms of product, positioning, business model and opportunity has not only enhanced our growth prospects, but has also further moderated our risk to a downturn in any one of our businesses.

We also continue to leverage our sourcing, warehousing, distribution and information technology expertise across all of our brands, which creates both operational efficiencies as well as the ability to respond rapidly to changes in sales trends and customer demands. It also allowed for the smooth integration of the Calvin Klein organization subsequent to its acquisition, enabling us to exceed our operating income targets for our Calvin Klein businesses in both 2003 and 2004.

RESULTS OF OPERATIONS

<u>Operations Overview</u>

We generate net sales from (i) the wholesale distribution of men's dress shirts and sportswear, principally under the brand names *Van Heusen, IZOD, Geoffrey Beene, Arrow, Kenneth Cole New York, Reaction Kenneth Cole, Calvin Klein, ck Calvin Klein, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Chaps, Sean John* and various private labels, and, through the end of 2003, footwear under the *Bass* brand and (ii) the sale, through approximately 700 company operated retail stores, of apparel, footwear and accessories under the brand names *Van Heusen*, *IZOD*, *Geoffrey Beene*, *Bass* and, beginning in 2003, *Calvin Klein*. Our stores operate in an outlet format, except for three *Calvin Klein* image stores located in New York City, Dallas and Paris selling men's and women's high-end collection apparel and accessories, soft home furnishings and tableware. We are introducing a line of dress shirts under the *Donald J. Trump Signature Collection* brand in 2005.

We generate royalty and other revenues from fees for licensing the use of our trademarks. Prior to 2003, royalty and other revenues related principally to licensing the *IZOD* and *Van Heusen* trademarks. In 2003, royalty and other revenues increased significantly due to the acquisition of Calvin Klein. Calvin Klein royalty and other revenues are derived under licenses and other arrangements primarily for jeans, underwear, fragrances, eyewear, watches, table top and soft home furnishings. In December 2004, we acquired the companies that own and license the *Arrow* trademark, which will generate additional royalty and other income in 2005.

Gross profit on total revenues is total revenues less cost of goods sold. We include as cost of goods sold costs of production and procurement of product, including inbound freight, inspection and internal transfer costs. Since there is no cost of goods sold associated with royalty and other revenues, 100% of such revenues are included in gross profit. Due to the above factors, our gross profit may not be comparable to that of other entities.

Selling, general and administrative expenses include all operating expenses other than expenses included in cost of goods sold. Salaries and related fringe benefits are the largest component of selling, general and administrative expenses, comprising 49% of such expenses in 2004. Rent and occupancy for offices, warehouses and retail stores is the next largest expense, comprising 21% of selling, general and administrative expenses in 2004.

The following table summarizes our results of operations in 2004, 2003 and 2002:

(in millions, except percentages)

	2004	2003	2002
Net sales	$1,460.2	$1,425.7	$1,380.2
Royalty and other revenues	181.2	143.1	11.8
Total revenues	1,641.4	1,568.8	1,392.0
Gross profit	751.0	644.4	518.3
% of total revenues	*45.8%*	*41.1%*	*37.2%*
Selling, general and administrative expenses	621.8	588.6	449.3
% of total revenues	*37.9%*	*37.5%*	*32.3%*
Gain on sale of investments	0.7	3.5	-
Income before interest and taxes	129.9	59.3	69.0
Interest expense	44.6	37.5	23.9
Interest income	1.7	1.1	1.2
Income before taxes	87.0	22.9	46.3
Income tax expense	28.4	8.2	15.9
Net income	$ 58.6	$ 14.7	$ 30.4

Net Sales

Net sales in 2004 increased to $1,460.2 million from $1,425.7 million in 2003 and $1,380.2 million in 2002. The 2004 net sales increase of $34.5 million over 2003 net sales is due principally to the net effect of the items described below.

Net sales *increases* in 2004 include:

- The addition of $88.0 million of net sales attributable to the launch of our *Calvin Klein* men's better sportswear line marketed to upscale specialty and department stores commencing with the Fall 2004 season, as well as the continued opening of *Calvin Klein* retail outlet stores in premium outlet malls, which we began to open in 2003. We currently intend to have as many as 75 *Calvin Klein* outlet stores by the end of 2007.
- The addition of $41.5 million attributable to growth in our *IZOD* and *Arrow* wholesale sportswear businesses.
- The addition of $12.0 million attributable to growth in our wholesale dress shirt business, particularly from the launch of five new labels: *BCBG Max Azria*, *BCBG Attitude*, *MICHAEL Michael Kors*, *Sean John* and *Chaps*.

Net sales *decreases* in 2004 include:

- The loss of the net sales attributable to the wholesale distribution of footwear, principally under the *Bass* brand, which in 2003 was $63.2 million. The *Bass* wholesale footwear business was transferred to a third party under a license agreement.

- The loss of the net sales attributable to the wholesale distribution of the *Calvin Klein* men's and women's high-end collection apparel businesses, which businesses were transferred to a third party under a license agreement. The net sales of these businesses were $20.9 million in 2003.

- The loss of the net sales attributable to retail store closings, an 0.8% sales decline in our retail stores open at least two years and reduced wholesale sales of private label sportswear.

In 2003, the $45.5 million net sales increase over 2002 related principally to the *Calvin Klein* businesses acquired in that year and significant sales increases in our branded wholesale apparel business, offset, in part, by net sales decreases in our retail stores related principally to a weak overall retail environment, as sales in our retail stores open at least two years declined 3.6%, and reduced wholesale sales of footwear and private label sportswear.

Net sales in 2005 are expected to increase 6% - 8% due principally to growth in *Calvin Klein* men's better sportswear, which we began selling for the Fall 2004 season, and full year sales for the *BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Sean John* and *Chaps* dress shirt brands which we began selling in mid-to-late-2004 under license agreements and the introduction in 2005 of a licensed line of *Donald J. Trump Signature Collection* brand dress shirts.

Royalty and Other Revenues

The royalty and other revenues increases over the prior year of $38.1 million and $131.3 million in 2004 and 2003, respectively, are principally attributable to royalty and other revenues of the Calvin Klein Licensing segment. We currently expect that royalty and other revenues of the segment will increase 6% - 8% in 2005, both as a result of growth in the businesses of existing licensees, as well as royalties generated by new license agreements. In addition, royalty and other revenues of the Apparel and Related Products segment are expected to increase significantly in 2005, principally as a result of the royalties generated by the *Arrow* brand license agreements acquired as part of our acquisition of the *Arrow* tradename in December 2004.

Gross Profit on Total Revenues

The following table shows our revenue mix between net sales and royalty and other revenues, as well as our gross profit, as a percentage of total revenues for 2004, 2003 and 2002:

	2004	2003	2002
Net sales	89.0%	90.9%	99.2%
Royalty and other revenues	11.0%	9.1%	0.8%
Gross profit as a % of total revenues	45.8%	41.1%	37.2%

The increases in the 2004 gross profit on total revenues percentage compared with 2003, and the 2003 gross profit on total revenues percentage compared with 2002, are due principally to the increase in royalty and other revenues as a percentage of total revenues. Since royalty and other revenues do not carry a cost of sales, the gross profit percentage on such revenues is 100.0%.

In addition to revenue mix, our gross profit percentage improvement in 2004 was enhanced by (i) a stronger retail environment for our outlet stores, which resulted in less promotional selling, (ii) stronger sell-throughs of our product in department stores, requiring less support under margin allowance arrangements with many of our department and specialty store customers and (iii) the exiting of the lower margin *Bass* wholesale and *Calvin Klein Collection* businesses at the end of 2003, as both businesses were transferred to third parties under license agreements which went into effect at the beginning of 2004.

We currently expect that royalty and other revenues will continue to increase as a percentage of total revenues in 2005, but at a slower rate than the 2004 increase. If this occurs, the gross profit on total revenues percentage should increase 30 to 50 basis points in 2005.

Selling, General and Administrative (SG&A) Expenses

Our SG&A expenses as a percentage of total revenues are as follows:

2004	2003	2002
37.9%	37.5%	32.3%

The increased 2003 SG&A expense as a percentage of total revenues compared with 2002 is principally related to two factors:

- Revenues associated with the Calvin Klein Licensing segment, which we acquired in 2003, are principally royalty and other revenues which do not carry a cost of sales. Thus, all operating expenses associated with the Calvin Klein Licensing segment's royalty and other revenues are classified as SG&A expenses, which increased our SG&A expense as a percentage of total revenues.

- In 2003, we incurred approximately $36.4 million of SG&A expense associated with (i) the wholesale distribution of *Calvin Klein* men's and women's high-end collection apparel products and (ii) the costs of certain duplicative personnel and facilities incurred during the integration of various Calvin Klein logistical and back office functions. The 2003 year also includes an $11.1 million charge for the impairment of long-lived assets in certain of our retail outlet stores, and related severance and lease termination costs.

The 2004 SG&A expenses as a percentage of total revenues of 37.9% remained relatively flat compared with 37.5% in 2003. While the significant Calvin Klein integration and retail store impairment costs did not recur in 2004, we incurred $12.6 million to exit the wholesale footwear business. In addition, our advertising expenses, principally for Calvin Klein, increased by $23.3 million in 2004.

The 2005 SG&A expenses as a percentage of total revenues are currently expected to decrease 75 to 125 basis points as we leverage the revenue increases noted above. Also, we do not expect significant integration or other activity exit costs in 2005.

Gain on Sale of Investments

In 2004, we sold an investment in marketable securities for a pre-tax gain of $0.7 million. In 2003, we sold our minority interest in Gant Company AB for $17.2 million, net of related expenses, which resulted in a pre-tax gain of $3.5 million.

Interest Expense and Interest Income

The 2004 interest expense increase to $44.6 million compared with $37.5 million in 2003 is due to a prepayment penalty of $7.3 million and the write-off of debt issuance costs of $2.1 million in connection with the purchase and redemption of our 9 1/2% senior subordinated notes due 2008 in February of 2004. These notes were purchased and redeemed with the net proceeds of the issuance on February 18, 2004 of 7 1/4% senior unsecured notes. Excluding the effect of the prepayment penalty and the write-off of debt issuance costs, 2004 interest expense is below 2003 levels due to the realization of the benefits of the lower interest rate of the 7 1/4% notes.

Interest expense of $37.5 million in 2003 increased by $13.6 million from $23.9 million in 2002 due to the acquisition of Calvin Klein. The $401.6 million net cash purchase price was funded by issuing $250.0 million of convertible redeemable preferred stock with the balance being funded by use of our cash and a term loan from the holders of the convertible redeemable preferred stock. The term loan carried an interest rate of 10% and had a principal amount of between $100.0 million and $125.0 million from February 12, 2003 through May 5, 2003. The term loan was repaid on May 5, 2003 with the proceeds from our issuance of $150.0 million of 8 1/8% senior unsecured notes due 2013. Amortization of fees associated with the 8 1/8% senior unsecured notes also contributed to the increased interest expense in 2003.

Income Taxes

Income tax expense as a percentage of pre-tax income was as follows:

2004	2003	2002
32.6%	35.8%	34.3%

The decreased percentage for 2004 compared with 2003 relates principally to (i) higher pre-tax income, which causes state and local franchise taxes that are not based on income to become a lower percentage, (ii) non-deductible expenses included in 2003 pre-tax income related to the sale of our minority interest in Gant and (iii) a $3.0 million reduction in the valuation allowance for state loss carryforwards. Excluding the effect of the valuation allowance reduction, our income tax expense as a percentage of pre-tax income in 2004 would have been 36.1%.

The increased percentage for 2003 compared with 2002 relates principally to (i) lower pre-tax income, which causes state and local franchise taxes that are not based on income to become a higher percentage and (ii) non-deductible expenses included in pre-tax income, related to the sale of Gant.

We are currently undergoing examinations of our income tax returns for multiple years by the Internal Revenue Service and other tax authorities. We have reserves for exposures we believe could result from these examinations. Any favorable or unfavorable result as compared with our reserves will affect our tax rate in the year it materializes. Excluding any such discrete items, we currently anticipate our 2005 tax expense as a percentage of pre-tax income will be approximately 37%.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of cash is from operations, and our principal uses of cash are for capital spending, contingent purchase price payments and dividends. In 2004, our cash flow was also impacted by our acquisition of the *Arrow* trademark.

Operations

Cash provided by operating activities in 2004 was $142.6 million, which significantly exceeded our net income of $58.6 million, principally as a result of depreciation and amortization, tax benefits from the exercise of stock options and deferred taxes. In 2005, we expect our cash provided by operating activities to again exceed net income, but to a lesser extent due to increases in working capital and an expected increase in income tax payments due to exhausting certain net operating loss carryforwards.

Capital Spending

Our capital spending in 2004 was $46.2 million. We currently expect capital spending in 2005 to be in a range of $40 million to $45 million, and decrease moderately thereafter. Our capital spending is generally for information systems, warehouse and office facilities and retail outlet stores. As such, we have no long-term contractual commitments for capital spending.

Contingent Purchase Price Payments

In connection with our acquisition of Calvin Klein in 2003, we are obligated to pay Mr. Klein contingent purchase price payments through 2017 based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands. Such contingent purchase price payments are recorded as an addition to goodwill and totaled $22.2 million in 2004. We currently expect that such payments will be $24 million to $26 million in 2005, and will continue to increase moderately thereafter.

Dividends

Our convertible redeemable preferred stock has a dividend rate of 8.0% per annum, payable in cash. If we elect not to pay a cash dividend for any quarter, then the convertible redeemable preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. We currently expect to pay our preferred stock dividends in cash for the forseeable future. Based on the current preferred stock liquidation preference of $264.7 million, cash dividends are expected to aggregate $21.1 million in 2005.

Our common stock currently pays an annual dividend of $0.15 per share. Based on the number of common shares outstanding at January 30, 2005 and our estimates of stock option exercises, we project that cash dividends on our common stock in 2005 will be $4.8 million to $5.0 million.

Cash Flow Summary

Our net cash outflow in 2004 was $8.9 million, which included $70.5 million used for the *Arrow* acquisition. Excluding this purchase, our cash flow would have been a positive $61.6 million.

Our 2005 cash flow will be impacted by various other factors in addition to those noted above. For example, the exercise of stock options provided $24.8 million of cash in 2004. We currently estimate that 2005 will include a similar amount. Also in 2004, we made approximately $10.0 million of contributions to our defined benefit pension plans. We currently do not expect to make any material contributions to the plans in 2005.

We currently expect to generate $65 million to $75 million of cash flow in 2005. There can be no assurance that this estimate will prove to be accurate, or that unforeseen events, including changes in our net income, working capital requirements or other items, including acquisitions, could occur which could cause our cash flow to vary.

Financing Arrangements

Our capital structure as of January 30, 2005 was as follows:

(in millions)

Long-term debt	$399.5
Convertible redeemable preferred stock	264.7
Stockholders' equity	364.0

We believe this capital structure provides a secure base. There are no maturities of our long-term debt until 2011. Our convertible redeemable preferred stock has a conversion price of $14.00 per share, and based on current market conditions, and that redemption cannot be required until November 2013, we believe the preferred stock will be converted to common stock rather than redeemed.

For near-term liquidity, in addition to our cash balance, we have a $325.0 million secured revolving credit facility that provides for revolving credit borrowings, as well as the issuance of letters of credit. We may, at our option, borrow and repay amounts up to a maximum of $325.0 million for revolving credit borrowings and the issuance of letters of credit, with no sublimits. Based on our working capital projections, we believe that our borrowing capacity under this facility provides us with adequate liquidity for our peak seasonal needs for the foreseeable future. During 2004, we had no revolving credit borrowings under the facility, and the maximum amount of letters of credit outstanding was $186.3 million. As of January 30, 2005, we had $169.8 million outstanding letters of credit under this facility.

Given our capital structure and our projections for future profitability and cash flow, we believe we could obtain additional financing, if necessary, for refinancing our long-term debt or preferred stock, or, if opportunities present themselves, future acquisitions.

Contractual Obligations

The following table summarizes, as of January 30, 2005, our contractual cash obligations by future period:

	Payments Due by Period (in millions)				
Description	**Total Obligations**	**2005**	**2006-2007**	**2008-2009**	**Thereafter**
Long-term debt	$ 400.0	$ -	$ -	$ -	$400.0
Interest payments on long-term debt	311.7	30.8	61.6	61.6	157.7
Operating leases(1)	379.1	77.8	115.1	77.8	108.4
Inventory purchase commitments	234.6	234.6	-	-	-
Minimum contractual royalty payments(2)	19.8	7.7	9.4	2.7	-
Supplemental defined benefit plan(3)	35.4	0.9	2.6	2.9	29.0
Total contractual cash obligations	$1,380.6	$351.8	$188.7	$145.0	$695.1

(1) Includes store operating leases, which generally provide for payment of direct operating costs in addition to rent. These obligation amounts include future minimum lease payments and exclude such direct operating costs.

(2) We currently anticipate that future payments required under our license agreements on an aggregate basis will exceed significantly the contractual minimums shown in the table.

(3) We have an unfunded supplemental defined benefit plan covering 23 executives under which the participants will receive a predetermined amount during the 10 years following the attainment of age 65.

Not included in the above table are contingent purchase price payments we are obligated to pay Mr. Klein through 2017 based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands. Such payments were $22.2 million in 2004.

Also not included in the above table are payments of cash dividends on our convertible redeemable preferred stock. If we elect not to pay a cash dividend, then the convertible redeemable preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. We currently expect to pay our preferred stock dividends in cash for the forseeable future. Based on the current preferred stock liquidation preference of $264.7 million, cash dividends are expected to aggregate $21.1 million in each year. In addition, the preferred stockholders can require the Company to redeem for cash all of the then outstanding shares of convertible redeemable preferred stock on or after November 1, 2013. Based on the conversion price of $14.00 per share, we believe the preferred stock will be converted to common stock rather than redeemed.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have a material current effect, or that are reasonably likely to have a material future effect, on our financial position, changes in financial position, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

MARKET RISK – INTEREST AND EXCHANGE RATE SENSITIVITY

Financial instruments held by us include cash equivalents and long-term debt. Based upon the amount of cash equivalents held at January 30, 2005 and the average net amount of cash equivalents that we currently anticipate holding during 2005, we believe that a change of 100 basis points in interest rates would not have a material effect on our financial position or results of operations. Note 9, "Long-Term Debt," in the Notes to the Consolidated Financial Statements outlines the principal amounts, interest rates, fair values and other terms required to evaluate the expected sensitivity of interest rate changes on the fair value of our fixed rate long-term debt.

Substantially all of our sales and expenses are currently denominated in United States dollars. However, certain of our operations and license agreements, particularly in the Calvin Klein Licensing segment, expose us to fluctuations in foreign currency exchange rates, primarily the rate of exchange of the United States dollar against the Euro and the Yen. Exchange rate fluctuations can cause the United States dollar equivalent of the foreign currency cash flows to vary. This exposure arises as a result of (i) license agreements that require licensees to make royalty and other payments to us based on the local currency in which the licensees operate, with us bearing the risk of exchange rate fluctuations and (ii) our retail and administrative operations that require cash outflows in foreign currencies. To a certain extent, there is a natural hedge of exchange rate changes in that the foreign license agreements general ly produce cash inflows and the foreign retail and administrative operations generally produce cash outflows. We may from time to time purchase foreign currency forward exchange contracts to hedge against changes in exchange rates. No forward exchange contracts were held as of January 30, 2005. We believe that future exchange rate changes will not have a material effect on our financial position or results of operations.

SEASONALITY

Our seasonality has changed significantly in the last two years due to the Calvin Klein acquisition, and the *Arrow* acquisition in December 2004 will further modify our seasonality in 2005 by increasing royalty and other revenues, which tend to be earned somewhat evenly throughout the year. The third quarter has the highest level of royalty income. Our dress shirt and sportswear wholesale businesses generate higher levels of sales and income in the first and third quarters, as the selling of spring and fall merchandise to our department store customers occurs at higher levels as these selling seasons begin.

The aggregate effect of our seasonality is that our first and third quarters have the highest levels of sales and income. Revenues in the second and fourth quarters are relatively equal, but earnings in the fourth quarter are lower from significant holiday marketing costs as well as post-holiday promotional selling and inventory clearance activity.

ACCOUNTING POLICY CHANGES

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123R, "Share-Based Payment," which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" and FASB Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." FASB Statement No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values, effective at the beginning of the first interim or annual period beginning after June 15, 2005, which will be our third quarter of 2005. We are in the process of determining the impact FASB Statement No. 123R will have on our consolidated financial statements, which will depend, in part, on the timing and amount of an y future stock option grants.

ACCOUNTING POLICIES INVOLVING SIGNIFICANT ESTIMATES

Our financial statements are based on the selection and application of significant accounting policies, which require management to make significant estimates and assumptions. We believe that the following are the more critical judgmental areas in the application of our accounting policies that currently affect our financial position and results of operations:

Sales allowances and returns - We have arrangements with many of our department and specialty store customers to support their sales of our products. We establish accruals which, based on a review of the individual customer arrangements and the expected performance of our products in their stores, we believe will be required to satisfy our sales allowance obligations. We also establish accruals, which are partly based on historical data, that we believe are necessary to provide for inventory returns. It is possible that the accrual estimates could vary from actual results, which would require adjustment to the allowance and returns accruals.

Inventories - Inventories related to our wholesale operations, comprised principally of finished goods, are stated at the lower of cost or market. Inventories related to our retail operations, comprised entirely of finished goods, are valued at the lower of average cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost is calculated by applying a cost-to-retail ratio to the retail value inventories. Permanent and point of sale markdowns, when taken, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. Based on a review of current business trends, inventory agings and discontinued merchandise categories, a further adjustment to inventory is recorded to reflect additional markdowns which are estimated to be necessary to liquidate existing clearance inventories and r educe inventories to the lower of cost or market. We believe that all inventory writedowns required at January 30, 2005 have been recorded. If market conditions were to change, it is possible that the required level of inventory reserves would need to be adjusted.

Allowance for doubtful accounts – Accounts receivable as shown on the consolidated balance sheets is net of an allowance for doubtful accounts. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable, assessments of collectibility based on historic trends, the financial position of our customers and an evaluation of economic conditions. Any significant changes to the above factors could impact our financial position and results of operations.

Income taxes - As of January 30, 2005, we have deferred tax assets of $61.9 million related to tax loss and credit carryforwards which begin to expire principally in 2010. Realization of these carryforwards is primarily dependent upon the achievement of future taxable income. Based on the extended expiration dates and projections of future taxable income, we have determined that realization of $55.8 million of these assets is more likely than not. If future conditions require a change in judgment as to realization, it is possible that material adjustments to these deferred tax assets may be required.

Goodwill and other intangible assets - Goodwill and other indefinitely lived intangible assets are tested for impairment based on fair value. An impairment loss could have a material adverse impact on our financial position and results of operations. Performance of the goodwill impairment tests requires significant judgments regarding the allocation of net assets to the reporting unit level, which is the level at which the impairment tests are required. The determination of whether an impairment exists also depends on, among other factors, the estimated fair value of the reporting units, which itself depends in part on market conditions.

Medical claims accrual - We self-insure a significant portion of our employee medical costs. Based on trends and the number of covered employees, we record estimates of medical claims which have been incurred but not paid. If actual medical claims varied significantly from these estimates, an adjustment to the medical claims accrual would be required.

Pension benefits - Included in the calculations of expense and liability for our pension plans are various assumptions, including return on assets, discount rate and future compensation increases. Based on these assumptions, and due in large part to decreases in discount rates and the poor performance of U.S. equity markets in 2001 and 2002, we have significant unrecognized costs for our pension plans. Depending on future asset performance and discount rates, such costs could be required to be amortized in the future which could have a material effect on future pension expense. We are currently estimating that our 2005 pension expense will approximate our 2004 pension expense.

Long-lived asset impairment **-** In each of the last two years, we determined that the long-lived assets in various retail outlet stores were not recoverable, which resulted in us recording impairment charges. In order to calculate the impairment charges, we estimated each store's undiscounted future cash flows and the fair value of the related long-lived assets. The undiscounted future cash flows for each store were estimated using current sales trends and other assumptions. If different assumptions had been used for future sales trends, the number of impaired stores could have been significantly higher or lower.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information with respect to Quantitative and Qualitative Disclosures About Market Risk appears under the heading "Market Risk" in Item 7.

Item 8. Financial Statements and Supplementary Data

See page F-1 of this report for a listing of the consolidated financial statements and supplementary data included in this report.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure 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 Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures over financial reporting. Based on our evaluation, our management concluded that our disclosure controls and procedures over financial reporting are adequate.

Management's Report on Internal Control over Financial Reporting

Management's report on internal control over financial reporting and our independent registered public accounting firm's audit report on our assessment of our internal control over financial reporting can be found on pages F-31 and F-32.

Changes in Internal Control over Financial Reporting

Prior to the end of each quarter during 2004 and again at year-end, with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, we reviewed our internal controls over financial reporting to determine if there were any significant changes made. Based on these reviews, our management concluded that no significant changes were made to our internal controls over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information required by Item 10 is incorporated herein by reference to the section entitled "Election of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005. Information with regard to compliance by our officers and directors with Section 16(a) of the Securities Exchange Act is incorporated herein by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005. Information with regard to our executive officers is contained in the section entitled "Executive Officers of the Registrant" in Part I, Item 1 of this report. Information with regard to our Audit Committee Financial Expert and our Code of Ethics is incorporated herein by reference to the sections entitled "Election of Directors" and "Other Informat ion," respectively, in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005.

Item 11. Executive Compensation

Information with respect to Executive Compensation is incorporated herein by reference to the sections entitled "Executive Compensation," "Compensation Committee Report on Executive Compensation" and "Performance Graph" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005.

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

Information with respect to the Security Ownership of Certain Beneficial Owners and Management and Equity Compensation Plan Information is incorporated herein by reference to the sections entitled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005.

Item 13. Certain Relationships and Related Transactions

Information with respect to Certain Relationships and Related Transactions is incorporated herein by reference to the sections entitled "Election of Directors" and "Compensation of Directors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005.

Item 14. Principal Accounting Fees and Services

Information required by Item 14 is incorporated herein by reference to the section entitled "Selection of Auditors" in our proxy statement for the Annual Meeting of Stockholders to be held on June 14, 2005.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) See page F-1 for a listing of the consolidated financial statements included in Item 8 of this report.

(a)(2) See page F-1 for a listing of financial statement schedules submitted as part of this report.

(a)(3) The following exhibits are included in this report:

Exhibit Number	
2.1	Stock Purchase Agreement, dated December 17, 2002, among Phillips-Van Heusen Corporation, Calvin Klein, Inc., Calvin Klein (Europe), Inc., Calvin Klein (Europe II) Corp., Calvin Klein Europe S.r.l., CK Service Corp., Calvin Klein, Barry Schwartz, Trust for the Benefit of the Issue of Calvin Klein, Trust for the Benefit of the Issue of Barry Schwartz, Stephanie Schwartz-Ferdman and Jonathan Schwartz (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on December 20, 2002). The registrant agrees to furnish supplementally a copy of any omitted schedules to the Commission upon request.
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1977).
3.2	Amendment to Certificate of Incorporation, filed June 27, 1984 (incorporated by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1985).
3.3	Certificate of Designation of Series A Cumulative Participating Preferred Stock, filed June 10, 1986 (incorporated by reference to Exhibit A of the document filed as Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1986).
3.4	Amendment to Certificate of Incorporation, filed June 2, 1987 (incorporated by reference to Exhibit 3(c) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).
3.5	Amendment to Certificate of Incorporation, filed June 1, 1993 (incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).
3.6	Amendment to Certificate of Incorporation, filed June 20, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 28, 1996).
3.7	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).
3.8	Corrected Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Phillips-Van Heusen Corporation, dated 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).
3.9	By-Laws of Phillips-Van Heusen Corporation, as amended through June 18, 1996 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 28, 1996).
3.10	By-laws of Phillips-Van Heusen Corporation, as amended through March 3, 2005 (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K, filed on March 8, 2005).

4.1 Specimen of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1981).

4.2 Preferred Stock Purchase Rights Agreement (the "Rights Agreement"), dated June 10, 1986 between Phillips-Van Heusen Corporation and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 1986).

4.3 Amendment to the Rights Agreement, dated March 31, 1987 between Phillips-Van Heusen Corporation and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 4(c) to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 1987).

4.4 Supplemental Rights Agreement and Second Amendment to the Rights Agreement, dated as of July 30, 1987, between Phillips-Van Heusen Corporation and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit (c)(4) to the Company's Schedule 13E-4, Issuer Tender Offer Statement, dated July 31, 1987).

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

4.6 Notice of extension of the Rights Agreement, dated June 5, 1996, from Phillips-Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.13 to the Company's Quarterly Report on Form 10-Q for the period ended April 28, 1996).

4.7 Fourth Amendment to Rights Agreement, dated April 25, 2000, from Phillips-Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the period ended April 30, 2000).

4.8 Supplemental Rights Agreement and Fifth Amendment to the Rights Agreement dated February 12, 2003, between Phillips-Van Heusen Corporation and The Bank of New York (successor to The Chase Manhattan Bank, N.A.), as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on February 26, 2003).

4.9 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).

4.10 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).

4.11 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).

4.12 Indenture, dated as of May 5, 2003, between Phillips-Van Heusen Corporation and SunTrust Bank, as Trustee (incorporated by reference to Exhibit 4.13 to the Company's Quarterly Report on Form 10-Q for the period ended May 4, 2003).

4.13 Indenture, dated as of February 18, 2004 between Phillips-Van Heusen Corporation and SunTrust Bank as Trustee (incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2004).

*10.1	1987 Stock Option Plan, including all amendments through April 29, 1997 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 4, 1997).
*10.2	Phillips-Van Heusen Corporation Special Severance Benefit Plan, as amended through March 7, 2002 (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K for the period ended February 3, 2002).
*10.3	Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to our Current Report on Form 8-K filed on January 16, 1987).
*10.4	Phillips-Van Heusen Corporation Amendment to Capital Accumulation Plan (incorporated by reference to Exhibit 10(n) to our Annual Report on Form 10-K for the fiscal year ended February 2, 1987).
*10.5	Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10(1) to our Annual Report on Form 10-K for the fiscal year ended January 31, 1988).
*10.6	Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q for the period ending October 29, 1995).
*10.7	Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to Bruce J. Klatsky (incorporated by reference to Exhibit 10.13 to our Quarterly Report on Form 10-Q for the period ended May 4, 1997).
*10.8	Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan, dated January 1, 1991, as amended and restated on June 2, 1992 (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K for the fiscal year ended January 31, 1993).
*10.9	Phillips-Van Heusen Corporation Supplemental Savings Plan, effective as of January 1, 1991 and amended and restated as of April 29, 1997 (incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q for the period ended May 4, 1997).
*10.10	Phillips-Van Heusen Corporation 1997 Stock Option Plan, effective as of April 29, 1997, as amended through December 18, 2001 (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K for the period ended February 3, 2002).
+*10.11	Phillips-Van Heusen Corporation 1997 Stock Option Plan option certificate.
*10.12	Phillips-Van Heusen Corporation Senior Management Bonus Program for fiscal year 1999 (incorporated by reference to Exhibit 10.13 to our Quarterly Report on Form 10-Q for the period ended August 1, 1999).
*10.13	Phillips-Van Heusen Corporation Long-Term Incentive Plans for the 21 month period ending February 4, 2001 and the 33 month period ending February 3, 2002 (incorporated by reference to Exhibit 10.14 to our Annual Report on Form 10-K for the fiscal year ended January 30, 2000).
*10.14	Phillips-Van Heusen Corporation 2000 Stock Option Plan, effective as of April 27, 2000, as amended through December 18, 2001 (incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K for the period ended February 3, 2002).
+*10.15	Phillips-Van Heusen Corporation 2000 Stock Option Plan option certificate.
*10.16	Phillips-Van Heusen Corporation Performance Incentive Bonus Plan, effective as of March 2, 2000, as amended through March 7, 2001 (incorporated by reference to Exhibit 10.15 to our Annual Report on Form 10-K for the fiscal year ended February 4, 2001).

*10.17	Phillips-Van Heusen Corporation Long-Term Incentive Plan, effective as of January 31, 2000 (incorporated by reference to Exhibit 10.17 to our Quarterly Report on Form 10-Q for the period ended July 30, 2000).
*10.18	Phillips-Van Heusen Corporation 2003 Stock Option Plan, effective as of May 1, 2003, as amended through June 10, 2003 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended May 4, 2003).
+*10.19	Phillips-Van Heusen Corporation 2003 Stock Option Plan option certificate.
10.20	Revolving Credit Agreement, dated as of October 17, 2002, among PVH, The IZOD Corporation, PVH Wholesale Corp., PVH Retail Corp., izod.com.inc., G.H. Bass Franchises Inc., CD Group Inc., and the lender parties thereto, JP Morgan Chase Bank, as Administrative Agent and Collateral Agent, Lead Arranger and Sole Bookrunner, Fleet Retail Finance Inc., as Co-Arranger and Co-Syndication Agent, SunTrust Bank, as Co-Syndication Agent, The CIT Group/Commercial Services, Inc., as Co-Documentation Agent, and Bank of America, N.A., as Co-Documentation Agent (incorporated by reference to Exhibit 10.01 to our Quarterly Report on Form 10-Q for the period ended November 3, 2002).
10.21	Securities Purchase Agreement, dated December 16, 2002, among Phillips-Van Heusen Corporation, Lehman Brothers Inc. and the Investors named therein (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on December 20, 2002).
10.22	Warrant, issued on February 12, 2003, by Phillips-Van Heusen Corporation to the Calvin Klein 2001 Revocable Trust (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K, filed on February 26, 2003).
10.23	Term Loan Agreement, dated as of December 16, 2002, by and between Phillips-Van Heusen Corporation, each of the lenders listed therein, and Apax Managers, Inc., as administrative agent for the lenders (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K, filed on February 26, 2003).
10.24	First Amendment to the Term Loan Agreement, dated as of February 12, 2003, by and between Phillips-Van Heusen Corporation, each of the lenders listed therein, and Apax Managers, Inc., as administrative agent for the lenders (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K, filed on February 26, 2003).
10.25	First Amendment and Waiver Agreement, dated as of December 13, 2002 to the Revolving Credit Agreement, dated as of October 17, 2002, among Phillips-Van Heusen Corporation, The IZOD Corporation, PVH Wholesale Corp., PVH Retail Corp., izod.com.inc., G.H. Bass Franchises Inc., CD Group Inc., and the lender parties thereto, JPMorgan Chase Bank, as Administrative Agent and Collateral Agent, Lead Arranger and Sole Bookrunner, Fleet Retail Finance Inc., as Co-Arranger and Co-Syndication Agent, SunTrust Bank, as Co-Syndication Agent, The CIT Group/Commercial Services, Inc., as Co-Documentation Agent, and Bank of America, N.A., as Co-Documentation Agent (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K, filed on February 26, 2003).
10.26	Consent dated as of February 12, 2003 among Phillips-Van Heusen Corporation, The IZOD Corporation, PVH Wholesale Corp., PVH Retail Corp., izod.com.inc., G.H. Bass Franchises Inc., CD Group Inc., and the lender parties thereto, JPMorgan Chase Bank, as Administrative Agent and Collateral Agent, Lead Arranger and Sole Bookrunner, Fleet Retail Finance Inc., as Co-Arranger and Co-Syndication Agent, SunTrust Bank, as Co-Syndication Agent, The CIT Group/Commercial Services, Inc., as Co-Documentation Agent, and Bank of America, N.A., as Co-Documentation Agent (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K, filed on February 26, 2003).

10.27	Registration Rights Agreement, dated as of February 12, 2003, by and among Phillips-Van Heusen Corporation, the Calvin Klein 2001 Revocable Trust, Barry Schwartz, Trust for the Benefit of the Issue of Calvin Klein, Trust for the Benefit of the Issue of Barry Schwartz, Stephanie Schwartz-Ferdman and Jonathan Schwartz, and the Investors listed therein (incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K, filed on February 26, 2003).
10.28	Investors' Rights Agreement, dated as of February 12, 2003, by and among Phillips-Van Heusen Corporation and the Investors listed therein (incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K, filed on February 26, 2003).
+*10.29	Employment Agreement, dated as of March 4, 2003, between Mark Weber and Phillips-Van Heusen Corporation; Amended and Restated Employment Agreement, dated as of March 3, 2005, between Mark Weber and Phillips-Van Heusen Corporation.
+*10.30	Employment Agreement, dated as of March 4, 2003, between Emanuel Chirico and Phillips-Van Heusen Corporation; Amended and Restated Employment Agreement, dated as of March 3, 2005, between Emanuel Chirico and Phillips-Van Heusen Corporation.
+*10.31	Employment Agreement, dated as of March 4, 2003, between Allen Sirkin and Phillips-Van Heusen Corporation.
+*10.32	Employment Agreement, dated as of March 4, 2003, between Francis K. Duane and Phillips-Van Heusen Corporation.
+*10.33	Employment Agreement, dated as of March 4, 2003, between Michael Zaccaro and Phillips-Van Heusen Corporation.
10.34	Second Amendment and Waiver Agreement, dated as of January 30, 2004, to the Revolving Credit Agreement, dated as of October 17, 2003, among Phillips-Van Heusen Corporation, The IZOD Corporation, PVH Wholesale Corp., PVH Retail Corp., izod.com.inc, G.H. Bass Franchises Inc., CD Group Inc., and the lender parties thereto, JPMorgan Chase Bank, as Administrative Agent and Collateral Agent, Lead Arranger and Sole Bookrunner, Fleet Retail Finance Inc., as Co-Arranger and Co-Syndication Agent, SunTrust Bank, as Co-Syndication Agent, The CIT Group/Commercial Services, Inc., as Co-Documentation Agent, and Bank of America, N.A., as Co-Documentation Agent (incorporated by reference to Exhibit 10.26 to our Annual Report on Form 10-K for the fiscal year ended February 1, 2004).
+*10.35	Employment Agreement, dated as of April 12, 2004, between Bruce J. Klatsky and Phillips-Van Heusen Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on June 10, 2004); amendment to Employment Agreement dated March 3, 2005, between Bruce J. Klatsky and Phillips-Van Heusen Corporation.
10.36	Purchase Agreement, dated as of November 22, 2004, among Cluett American Corp., Consumer Direct Corporation, Cluett Peabody Holding Corp., Phillips-Van Heusen Corporation, and Cluett American Group, Inc. (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K, filed on December 16, 2004).
10.37	Amended and Restated Revolving Credit Agreement, dated as of December 15, 2004, among PVH, The IZOD Corporation, PVH Wholesale Corp., PVH Retail Corp., izod.com inc., G.H. Bass Franchises Inc., CD Group Inc., PVH CK Stores, Inc., PVH Ohio, Inc., PVH Michigan, Inc., PVH Pennsylvania, Inc., PVH Wholesale New Jersey, Inc., PVH Retail Management Company and the lender parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, Joint Lead Arranger and Sole Bookrunner, Fleet Retail Group, Inc., as Joint Lead Arranger and Co- Syndication Agent, Sun Trust Bank, as Co-Syndication Agent, The CIT Group/Commercial Services, Inc., as Co-Documentation Agent, and General Electric Capital Corporation, as Co-Documentation Agent (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K, filed on December 16, 2004).

+21	Phillips-Van Heusen Subsidiaries.
+23	Consent of Independent Auditors.
+ 31.1	Certification Pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
+ 31.2	Certification Pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
+ 32.1	Certification Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.
+ 32.2	Certification Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002, 18 U.S.C. Section 1350.

* Management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(c) of this report.

\+ Filed 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.

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

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

SIGNATURES

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

Dated: April 7, 2005

PHILLIPS-VAN HEUSEN CORPORATION

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

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

Signature	Title	Date
/s/ Bruce J. Klatsky Bruce J. Klatsky	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	April 7, 2005
/s/ Mark Weber Mark Weber	President, Chief Operating Officer and Director	April 13, 2005
/s/ Emanuel Chirico Emanuel Chirico	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	April 7, 2005
/s/ Vincent A. Russo Vincent A. Russo	Vice President and Controller (Principal Accounting Officer)	April 7, 2005
/s/ Edward H. Cohen Edward H. Cohen	Director	April 13, 2005
/s/ Joseph B. Fuller Joseph B. Fuller	Director	April 5, 2005
/s/ Joel H. Goldberg Joel H. Goldberg	Director	April 6, 2005
/s/ Marc Grosman Marc Grosman	Director	April 13, 2005
/s/ David A. Landau David A. Landau	Director	April 7, 2005
/s/ Harry N.S. Lee Harry N.S. Lee	Director	April 11, 2005
/s/ Bruce Maggin Bruce Maggin	Director	April 11, 2005
/s/ Henry Nasella Henry Nasella	Director	April 6, 2005
/s/ Christian Näther Christian Näther	Director	April 13, 2005
/s/ Peter J. Solomon Peter J. Solomon	Director	April 6, 2005

FORM 10-K-ITEM 15(a)(1) and 15(a)(2)

PHILLIPS-VAN HEUSEN CORPORATION

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

15(a)(1) The following consolidated financial statements and supplementary data are included in Item 8 of this report:

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

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

PHILLIPS-VAN HEUSEN CORPORATION

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

	2004	2003	2002
Net sales	$1,460,235	$1,425,716	$1,380,272
Royalty and other revenues	181,193	143,120	11,766
Total revenues	1,641,428	1,568,836	1,392,038
Cost of goods sold	890,437	924,477	873,743
Gross profit	750,991	644,359	518,295
Selling, general and administrative expenses	621,855	588,577	449,260
Gain on sale of investments	743	3,496	-
Income before interest and taxes	129,879	59,278	69,035
Interest expense	44,643	37,476	23,892
Interest income	1,786	1,104	1,163
Income before taxes	87,022	22,906	46,306
Income tax expense	28,407	8,200	15,869
Net income	58,615	14,706	30,437
Preferred stock dividends	21,122	20,027	-
Net income (loss) available to common stockholders	$ 37,493	$ (5,321)	$ 30,437
Basic net income (loss) per common share	$ 1.20	$ (0.18)	$ 1.10
Diluted net income (loss) per common share	$ 1.14	$ (0.18)	$ 1.08

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	January 30, 2005	February 1, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 124,114	$ 132,988
Accounts receivable, net of allowances for doubtful accounts of $3,085 and $5,863	93,447	96,691
Inventories	242,885	218,428
Prepaids	18,975	23,098
Other, including deferred taxes of $11,994 and $17,164	12,271	17,707
Total Current Assets	491,692	488,912
Property, Plant and Equipment	154,630	138,537
Goodwill	176,190	160,391
Tradenames	612,772	542,233
Perpetual License Rights	86,000	86,000
Other Intangible Assets	480	540
Other Assets	27,818	22,670
	$1,549,582	$1,439,283
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 54,531	$ 49,772
Accrued expenses	133,405	114,373
Deferred revenue	20,557	18,719
Total Current Liabilities	208,493	182,864
Long-Term Debt	399,512	399,097
Other Liabilities, including deferred taxes of $187,199 and $178,269	312,805	296,419
Series B convertible redeemable preferred stock; par value $100 per share; 10,000 shares authorized, issued and outstanding	264,746	264,746
Stockholders' Equity:		
Preferred stock, par value $100 per share; 150,000 shares authorized (125,000 shares designated as Series A; 15,000 shares undesignated); no Series A or undesignated shares outstanding	-	-
Common stock, par value $1 per share; 100,000,000 shares authorized; shares issued 32,452,403 and 30,645,744	32,452	30,646
Additional capital	185,670	155,397
Retained earnings	178,507	145,649
Accumulated other comprehensive loss	(32,024)	(35,081)
	364,605	296,611
Less: 39,685 and 33,045 shares of common stock held in treasury-at cost	(579)	(454)
Total Stockholders' Equity	364,026	296,157
	$1,549,582	$1,439,283

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	2004	2003	2002
Operating activities			
Net income	$ 58,615	$ 14,706	$ 30,437
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation	28,972	25,750	22,209
Amortization	3,050	2,820	3,469
Deferred income taxes	23,649	3,944	14,203
Impairment of long-lived assets	528	12,147	-
Prepayment penalty on early extinguishment of debt	7,293	-	-
Changes in operating assets and liabilities:			
Receivables	3,244	3,603	13,180
Inventories	(24,457)	27,039	2,733
Accounts payable and accrued expenses	26,074	(17,316)	13,081
Tax benefit from exercise of stock options	7,321	371	168
Prepaids and other-net	8,360	(16,841)	5,748
Net Cash Provided By Operating Activities	142,649	56,223	105,228
Investing activities			
Purchase of property, plant and equipment	(46,195)	(31,970)	(29,451)
Acquisition of Arrow tradename, including related fees	(70,539)	-	-
Contingent purchase price payments to Mr. Klein	(22,246)	(16,955)	-
Sale of investments	743	17,234	-
Acquisition of Calvin Klein, net of acquired cash	-	(401,565)	-
Net Cash Used By Investing Activities	(138,237)	(433,256)	(29,451)
Financing activities			
Purchase and redemption, including prepayment penalty, of 9 1/2% senior subordinated notes	(157,293)	-	-
Proceeds from issuance of 7 1/4% senior unsecured notes, net of related fees	145,131	-	-
Proceeds from issuance of 10% secured term loan	-	125,000	-
Repayment of 10% secured term loan	-	(125,000)	-
Proceeds from issuance of 8 1/8% senior unsecured notes, net of related fees	-	144,696	-
Proceeds from issuance of Series B convertible redeemable preferred stock, net of related fees	-	249,250	-
Proceeds from revolving line of credit	-	16,500	-
Payments on revolving line of credit	-	(16,500)	-
Exercise of stock options	24,758	3,577	1,985
Acquisition of treasury shares	(125)	(68)	(60)
Cash dividends on common stock	(4,635)	(4,555)	(4,160)
Cash dividends on preferred stock	(21,122)	-	-
Net Cash Provided (Used) By Financing Activities	(13,286)	392,900	(2,235)
Increase (decrease) in cash	(8,874)	15,867	73,542
Cash at beginning of period	132,988	117,121	43,579
Cash at end of period	$ 124,114	$ 132,988	$117,121

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

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

	Common Stock Shares	Common Stock $1 par Value	Additional Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Stockholders' Equity
February 3, 2002	27,646,172	$27,646	$121,659	$129,248	$(12,500)	$(326)	$265,727
Net income				30,437			30,437
Minimum pension liability, net of tax benefit of $13,300					(21,870)		(21,870)
Total comprehensive income							8,567
Stock options exercised	166,782	167	1,818				1,985
Tax benefit from exercise of stock options			168				168
Cash dividends on common stock				(4,160)			(4,160)
Acquisition of 3,954 treasury shares						(60)	(60)
February 2, 2003	27,812,954	27,813	123,645	155,525	(34,370)	(386)	272,227
Net income				14,706			14,706
Minimum pension liability, net of tax benefit of $400					(530)		(530)
Foreign currency translation adjustments, net of tax benefit of $111					(181)		(181)
Total comprehensive income							13,995
Stock options exercised	296,864	297	3,280				3,577
Tax benefit from exercise of stock options			371				371
Issuance of common stock and warrant related to Calvin Klein acquisition	2,535,926	2,536	28,101				30,637
Cash dividends on common stock				(4,555)			(4,555)
Preferred stock dividends				(20,027)			(20,027)
Acquisition of 4,464 treasury shares						(68)	(68)
February 1, 2004	30,645,744	30,646	155,397	145,649	(35,081)	(454)	296,157
Net income				58,615			58,615
Minimum pension liability, net of tax expense of $1,856					3,013		3,013
Foreign currency translation adjustments, net of tax expense of $27					44		44
Total comprehensive income							61,672
Stock options exercised	1,806,659	1,806	22,952				24,758
Tax benefit from exercise of stock options			7,321				7,321
Cash dividends on common stock				(4,635)			(4,635)
Preferred stock dividends				(21,122)			(21,122)
Acquisition of 6,640 treasury shares						(125)	(125)
January 30, 2005	32,452,403	$32,452	$185,670	$178,507	$(32,024)	$ (579)	$364,026

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of Phillips-Van Heusen Corporation and its subsidiaries, taken as a whole (the "Company"). Intercompany accounts and transactions have been eliminated in consolidation.

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

Fiscal Year - Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. Results for 2004, 2003 and 2002 represent the 52 weeks ended January 30, 2005, February 1, 2004 and February 2, 2003, respectively.

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

Goodwill and Intangible Assets - Goodwill is tested for impairment annually, and between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. Under FASB Statement No. 142, "Goodwill and Other Intangible Assets," reporting units are defined as an operating segment or one level below the operating segment, called a component. However, two or more components of an operating segment shall be aggregated and deemed a single reporting unit if the components have similar economic characteristics. Under these criteria, as of January 30, 2005, the Company had nine reporting units. The Company's goodwill relates to and is directly assigned to three of its reporting units. An impairment loss would be recognized when the carrying amount of the reporting unit's net assets exceeds the estimated fair value of the r eporting unit and the carrying amount of reporting unit goodwill is determined to exceed the implied fair value of that goodwill. The estimated fair value of a reporting unit is calculated based on the reporting unit's percentage contribution of earnings to the Company and applied to the estimated fair market value of the Company.

Indefinitely lived intangible assets not subject to amortization are tested for impairment annually, and between annual tests if an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Intangible assets with a definite life, which are thus subject to amortization, are tested for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when the carrying amount of the asset exceeds the fair value of the asset, which is determined using the estimated undiscounted cash flows associated with the asset's use. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value.

No impairment of goodwill or other intangible assets resulted from the Company's required annual impairment tests in 2004, 2003 and 2002.

Asset Impairments - The Company reviews for and records impairment losses on long-lived assets (excluding goodwill and other indefinitely lived intangible assets) in accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The Company records impairment losses when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the related assets are less than the carrying amounts of those assets.

Inventories - Inventories related to our wholesale operations, comprised principally of finished goods, are stated at the lower of cost or market. Inventories related to our retail operations, comprised entirely of finished goods, are valued at the lower of average cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost is calculated by applying a cost-to-retail ratio to the retail value inventories. Permanent and point of sale markdowns, when taken, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. Cost for certain apparel inventories of $128,004 (2004) and $106,636 (2003) is determined using the last-in, first-out method (LIFO). Cost for all other inventories is determined using the first-in, first-out method (FIFO). At January 30, 2005 and February 1, 2004, no LIFO reserve wa s recorded because LIFO cost approximated FIFO cost.

Property, Plant and Equipment - Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis. The range of useful lives is as follows: Buildings and building improvements: 15-40 years; machinery, software and equipment: 3-10 years; furniture and fixtures: 7-10 years. Fixtures located in third party customer locations ("shops within a store") and their related costs are depreciated over three years. Leasehold improvements are depreciated using the straight-line method over the lesser of the term of the related lease or the estimated useful life of the asset. Major additions and betterments are capitalized, and repairs and maintenance are charged to operations in the period incurred.

Deferred Rent Obligations and Contributions from Landlords - The Company accounts for rent expense under non-cancelable operating leases with scheduled rent increases on a straight-line basis over the lease term. The excess of straight-line rent expense over scheduled payments is recorded as a deferred liability. In addition, the Company receives build out contributions from landlords primarily as an incentive for the Company to lease retail store space from the landlords. Such amounts are amortized as a reduction of rent expense over the life of the related lease.

Revenue Recognition - Sales are recognized upon shipment of products to customers since title passes upon shipment and, in the case of sales by the Company's outlet stores, when goods are sold to consumers. Allowances for estimated returns and discounts are provided when sales are recorded. Royalty revenue for licensees whose sales are expected to exceed contractual sales minimums, including licensee contributions toward advertising, is recognized when licensed products are sold by the Company's licensees. For licensees whose sales are not expected to exceed contractual sales minimums, royalty revenue is recognized based on contractual minimums.

Accounts Receivable - Accounts receivable as shown on the consolidated balance sheets is net of allowances. An allowance for doubtful accounts is determined through an analysis of the aging of accounts receivable, assessments of collectibility based on historic trends, the financial condition of the Company's customers and an evaluation of economic conditions. The Company writes off uncollectible trade receivables once collection efforts have been exhausted and third parties confirm the balance is not recoverable. Costs associated with potential returns of products as well as allowable customer markdowns and operational chargebacks, net of the expected recoveries, are part of the provision for allowances included in accounts receivable. These provisions result from divisional seasonal negotiations, as well as historic deduction trends net of expected recoveries, and the evaluation of current market conditions.

Advertising - Advertising costs are expensed as incurred and are included in selling, general and administrative expenses. Costs associated with cooperative advertising programs, under which the Company generally shares the cost of a customer's advertising expenditures, are treated as a reduction of revenue. Advertising expenses totalled $88,063 (2004), $64,803 (2003) and $20,609 (2002). The increase in advertising expenses in each year was due principally to additional advertising and promotion associated with the Company's acquisition of Calvin Klein, Inc. and certain related companies on February 12, 2003.

Shipping and Handling Fees and Costs - Shipping and handling fees billed to customers are included in net sales. Internal and external shipping and handling costs are included in cost of sales. Such costs include inbound freight costs, inspection costs, internal transfer costs and other product procurement related charges.

Cost of Sales and Selling, General and Administrative Expenses - Costs associated with the production and procurement of product are included in cost of sales, including inbound freight costs, purchasing and receiving costs, inspection costs, internal transfer costs and other product procurement related charges. All other expenses, excluding interest and income taxes, are included in selling, general and administrative expenses, including warehousing and distribution expenses as the predominant expenses associated therewith are general and administrative in nature, including rent, utilities and payroll.

Income Taxes - The Company has recorded its provision for income taxes under the asset and liability method in accordance with FASB Statement No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are recognized based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates that will be in effect at the time such differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Foreign Currency Translations - The consolidated financial statements of the Company are prepared in United States dollars as this is the currency of the primary economic environment in which the Company operates, and the vast majority of its revenue is received and expenses are disbursed in United States dollars. Adjustments resulting from translating the financial statements of business units which do not use the United States dollar as their functional currency are recorded in stockholders' equity as a component of accumulated other comprehensive loss.

Derivative Financial Investments - The Company from time to time purchases foreign currency forward exchange contracts to hedge against changes in exchange rates. Forward exchange contracts are not held for the purpose of trading or speculation. The Company classifies such contracts as cash flow hedges because the principal terms of the forward exchange contracts are the same as the underlying forecasted foreign currency cash flows. Therefore, changes in the fair value of the forward contracts should be highly effective in offsetting changes in the expected foreign currency cash flows, and accordingly, changes in the fair value of forward exchange contracts are recorded in accumulated other comprehensive loss until the contracts mature. At January 30, 2005 and February 1, 2004, the Company owned no forward exchange contracts, and thus no amounts are recorded in accumulated other comprehensive loss.

Reclassifications - For comparative purposes, certain prior period amounts have been reclassified to conform to the current period's presentation.

Stock-Based Compensation - The Company accounts for its stock options under the intrinsic value method of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and complies with the disclosure requirements of FASB Statement No. 123, "Accounting for Stock-Based Compensation," as amended by FASB Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." Under APB Opinion No. 25, the Company does not recognize compensation expense because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant.

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

The following table illustrates the effect on net income and net income (loss) per common share as if the Company had applied the fair value recognition provisions of FASB Statement No. 123:

	2004	2003	2002
Net income - as reported	$58,615	$14,706	$30,437
Deduct: Stock-based compensation expense determined under fair value method, net of related tax effects	8,006	3,385	3,368
Net income - as adjusted	$50,609	$11,321	$27,069
Net income (loss) per common share:			
Basic - as reported	$ 1.20	$ (0.18)	$ 1.10
Diluted - as reported	$ 1.14	$ (0.18)	$ 1.08
Basic - as adjusted	$ 0.95	$ (0.29)	$ 0.98
Diluted - as adjusted	$ 0.90	$ (0.29)	$ 0.97

The assumptions used to calculate the fair value of stock options at their grant dates are presented in Note 2, "Stockholders' Equity."

New Accounting Standards - In December 2004, the FASB issued Statement No. 123R, "Share-Based Payment," which is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" and FASB Statement No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." FASB Statement No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values, effective at the beginning of the first interim or annual period beginning after June 15, 2005, which will be the Company's third quarter of 2005. The Company is in the process of determining the impact FASB Statement No. 123R will have on its consolidated financial statements, which will depend, in part, on the timing and amount of any future st ock option grants.

2. STOCKHOLDERS' EQUITY

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

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

If the Company is the surviving corporation in a merger or other business combination then, under certain circumstances, each holder of a Right will have the right to receive upon exercise the number of shares of common stock having a market value equal to two times the exercise price of the Right.

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

In the event the Company is not the surviving corporation in a merger or other business combination, or more than 50% of the Company's assets or earning power is sold or transferred, each holder of a Right will have the right to receive upon exercise the number of shares of common stock of the acquiring company having a market value equal to two times the exercise price of the Right.

At any time prior to the close of business on the Distribution Date, the Company may redeem the Rights in whole, but not in part, at a price of $0.05 per Right. The rights are currently scheduled to expire on June 16, 2006.

Stock Option Plans

Service-Based Stock Options - The Company grants non-qualified and incentive stock options ("ISOs") that are service-based. Options are granted with an exercise price equal to the closing price of the common stock on the trading date immediately preceding the date of grant. ISOs and non-qualified options granted have a ten-year duration. Depending upon which plan options have been granted under, options are cumulatively exercisable in either three installments commencing three years after the date of grant or in four installments commencing one year after the date of grant.

For purposes of the disclosure requirements of FASB Statement No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," as illustrated in Note 1, "Summary of Significant Accounting Policies," the Company estimated the fair value of stock options granted at the date of grant using the Black-Scholes model. The estimated fair value of the options is then amortized to expense over the options' vesting period.

The following summarizes the assumptions used to estimate the fair value of service-based stock options granted in each year:

	2004	2003	2002
Risk-free interest rate	3.76%	3.48%	4.75%
Expected option life	6 Years	6 Years	7 Years
Expected volatility	26.9%	29.5%	30.4%
Expected dividends per share	$ 0.15	$ 0.15	$ 0.15
Weighted average estimated fair value per share of options granted	$ 5.89	$ 3.79	$ 5.55

Other data with respect to service-based stock options follows:

	Shares	Option Price Per Share			Weighted Average Price Per Share
Outstanding at February 3, 2002	4,406	$ 6.81	-	$31.63	$12.13
Granted	894	10.61	-	15.72	14.80
Exercised	167	7.50	-	14.75	11.90
Cancelled	267	9.38	-	22.38	12.33
Outstanding at February 2, 2003	4,866	6.81	-	31.63	12.62
Granted	1,038	12.34	-	16.70	12.55
Exercised	297	6.81	-	15.13	12.05
Cancelled	284	9.38	-	31.63	13.09
Outstanding at February 1, 2004	5,323	6.81	-	27.88	12.61
Granted	1,079	16.81	-	25.14	18.96
Exercised	1,401	6.81	-	16.55	12.24
Cancelled	130	9.38	-	27.88	15.68
Outstanding at January 30, 2005	4,871	$ 6.81	-	$25.14	$14.04

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

Additional information regarding service-based stock options outstanding at January 30, 2005 follows:

Range of Exercise Prices Per Share	Number of Shares Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share of Options Outstanding	Number of Shares Exercisable	Weighted Average Exercise Price Per Share of Exercisable Options
$ 6.81 - $ 9.94	745	4.9	$ 9.43	742	$ 9.43
$10.90 - $13.16	1,377	5.8	12.60	778	12.80
$13.40 - $14.42	998	5.2	13.79	736	13.84
$14.55 - $17.40	727	6.3	14.93	360	14.89
$17.66 - $19.10	1,014	9.3	18.92	0	0
$19.50 - $25.14	10	9.7	22.54	0	0
	4,871	6.3	$14.04	2,616	$12.42

Performance-Based Stock Options - The Company made a grant in 2004 of 1,750 performance-based, non-qualified stock options to the Company's Chairman and Chief Executive Officer. The options were granted with an exercise price of $18.75, which was the closing price of the common stock on the trading date immediately preceding the date of grant. The options have a seven-year duration and vesting is partly contingent upon a 20-day average stock price of the Company's common stock. If the Company's 20-day average stock price reaches $22.50, 50% of the options vest. If the Company's 20-day average stock price reaches $25.00, 75% of the options vest. If the Company's 20-day average stock price reaches $27.50, 100% of the options vest. Conversely, if these targets are not achieved, the options fully vest six years after the date of grant. As of January 30, 2005, 75% of these options were vested.

For purposes of the disclosure requirements of FASB Statement No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," as illustrated in Note 1, "Summary of Significant Accounting Policies," the Company estimated the fair value of stock options granted at the date of grant using the Black-Scholes model. The estimated fair value of the options is then amortized to expense over the options' vesting period.

The following summarizes the assumptions used to estimate the fair value of performance based stock options granted:

	2004
Weighted average risk-free interest rate	2.57%
Weighted average expected option life	3.6 Years
Weighted average expected volatility	26.3%
Expected dividends per share	$0.15
Weighted average estimated fair value per share of options granted	$4.16

During 2004, 406 of these stock options were exercised, leaving 1,344 outstanding and 907 exercisable at January 30, 2005, with a remaining contractual life of 6.2 years.

Total stock options available for grant at January 30, 2005 and February 1, 2004 amounted to 2,920 and 5,624 shares, respectively.

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

3. ACQUISITION OF *ARROW* TRADENAME

On December 10, 2004, the Company acquired the *Arrow* brand worldwide and the related licensing business from affiliates of Cluett American Group, Inc. for $70,539 in cash. The transaction consisted of the acquisition from Cluett American Corp., Consumer Direct Corporation and Cluett Peabody Holding Corp. of all of the outstanding shares of common stock of Cluett Peabody Resources Corporation ("Resources") and Cluett Peabody & Co., Inc. ("CP&Co."). Resources is the worldwide owner of the *Arrow* trademark, principally for apparel, footwear and related goods, and certain related marks. CP&Co. licenses the *Arrow* marks from Resources and, in turn, licenses them to third parties throughout the world. The Company has been licensing the *Arrow* marks in the United States from Resources and CP&Co. for use on and in connection with men's and boys' dress shirts and sportswear since mid-2000.

4. ACQUISITION OF CALVIN KLEIN

On February 12, 2003, the Company purchased all of the issued and outstanding stock of Calvin Klein, Inc. and certain affiliated companies. The Company paid $401,565 in cash, net of $6,435 cash acquired, and issued 2,536 shares of the Company's common stock, valued at $30,000, in connection with the acquisition. The purchase price also included, in consideration of Mr. Klein's sale to the Company of all of his rights under a design services letter agreement with Calvin Klein, Inc., a nine-year warrant in favor of Mr. Klein to purchase 320 shares of the Company's common stock at $28.00 per share, which the Company valued at $637 based on the Black-Scholes model, and contingent purchase price payments for 15 years based on 1.15% of total worldwide net sales of products bearing any of the *Calvin Klein* brands. Such contingent purchase price payments are recorded as an addition to goodwill.

In connection with the acquisition, the Company recorded a liability of $19,724 in accordance with EITF 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," principally related to severance and termination benefits for certain employees of the acquired entities and lease and other contractual obligations related to certain facilities which the Company no longer operates.

Costs associated with these activities are as follows:

	Initial Liability Recorded	Incurred in 2003	Incurred and Adjusted in 2004	Liability at 1/30/05
Severance and termination benefits	$10,196	$5,296	$4,728	$ 172
Lease termination costs	8,303	3,424	4,050	829
Other exit costs	1,225	887	145	193
Total	$19,724	$9,607	$8,923	$1,194

Included in costs incurred and adjusted in 2004 was an adjustment of $3,784 due principally to a change in the fair value of future lease payments for a facility which the Company no longer operates. The offset to the liability adjustment was recorded to goodwill. The actions related to these charges have been completed by the Company as planned. However, due to the extended terms of certain contractual obligations associated with these actions, the above liability remains as of January 30, 2005.

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

5. EARNINGS PER SHARE

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

	2004	2003	2002
Net income	$58,615	$14,706	$30,437
Less: Preferred stock dividends	21,122	20,027	-
Net income (loss) available to common stockholders for basic net income (loss) per common share	$37,493	$ (5,321)	$30,437
Add back preferred stock dividends	21,122	-	-
Net income (loss) available to common stockholders for diluted net income (loss) per common share	$58,615	$ (5,321)	$30,437
Weighted average common shares outstanding for basic net income (loss) per common share	31,117	30,314	27,770
Impact of dilutive employee stock options	1,610	-	395
Impact of assumed preferred stock conversion	18,910	-	-
Total shares for diluted net income (loss) per common share	51,637	30,314	28,165
Basic net income (loss) per common share	$ 1.20	$ (0.18)	$ 1.10
Diluted net income (loss) per common share	$ 1.14	$ (0.18)	$ 1.08

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

	2004	2003	2002
Antidilutive securities	1,081	1,654	2,159

In addition, employee stock options to purchase 695 common shares, which would have been dilutive had net income available to common stockholders been positive, were excluded from the computation of diluted net loss per common share for 2003 because 2003 net income available to common stockholders was a loss; the inclusion of such dilutive stock options would have been antidilutive to the net loss per common share computation. Conversion of the Company's convertible redeemable preferred stock into approximately 17,930 common shares outstanding for 2003 was not assumed because the inclusion thereof would have been antidilutive.

6. SALE OF INVESTMENTS

In 2004, the Company sold its investment in marketable securities for $743.

In 2003, the Company sold its minority interest in Gant Company AB for $17,234, net of related fees, which resulted in a pre-tax gain of $3,496.

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

7. INCOME TAXES

Income taxes consist of:

	2004	2003	2002
Federal:			
Current	$ 696	$ -	$ 395
Deferred	25,760	3,944	13,808
State, foreign and local:			
Current	4,062	4,256	1,666
Deferred	(2,111)	-	-
	$28,407	$8,200	$15,869

The Federal current tax provision in 2004 and 2002 relates to alternative minimum tax.

Taxes paid were $4,138 (2004), $4,389 (2003) and $1,197 (2002).

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

	2004	2003
Depreciation and amortization	$ (19,534)	$ (14,909)
Employee compensation and benefits	18,330	14,324
Tax loss and credit carryforwards	61,877	66,018
Minimum pension liability	19,544	21,400
Book versus tax basis difference related to identifiable intangible assets	(231,800)	(231,800)
Acquisition costs	(15,200)	(3,472)
Other-net	(2,348)	(913)
Subtotal	(169,131)	(149,352)
Less valuation allowance for:		
State net operating loss carryforwards	(6,074)	(9,090)
Acquired net operating loss carryforwards	-	(2,663)
	$(175,205)	$(161,105)

The Company has a valuation allowance for state net operating loss carryforwards for which the Company believes realization is unlikely. In 2004, the Company determined that loss carryforwards in certain states would be utilized against 2004 taxable income resulting in a current state tax benefit of $905, and additional net operating loss carryforwards in those states would more likely than not be utilized against future taxable income, resulting in a deferred state tax benefit of $2,111. As a result, the total reduction in the state loss carryforwards valuation allowance in 2004 was $3,016, which reduced income tax expense.

The valuation allowance for acquired net operating loss carryforwards relates to a transaction to acquire certain license agreements in 2000. In 2004, the Company determined that realization of these loss carryforwards was more likely than not, and the valuation allowance was reversed as a reduction of goodwill.

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

The Company is subject to examination of its income tax returns for multiple years by the Internal Revenue Service and other tax authorities. The Company periodically assesses the likelihood of adverse outcomes resulting from these examinations to determine the impact on its deferred taxes and income tax liabilities and the adequacy of its provision for income taxes.

Included in the tax loss and credit carryforwards at the end of 2004 are $9,362 of state net operating loss carryforwards and Federal carryforward items of $52,515. Of the Federal amount, $8,383 is alternative minimum tax credits which never expire under the current Internal Revenue Code. The balance of the Federal tax loss and credit carryforwards expires principally between 2010 and 2023.

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

	2004	2003	2002
Statutory 35% Federal tax	$30,458	$ 8,017	$16,207
State, foreign and local income taxes, net of Federal income tax benefit	1,779	670	745
Reduction in valuation allowance for state loss carryforwards	(2,111)	-	-
Other-net	(1,719)	(487)	(1,083)
Income tax expense	$28,407	$ 8,200	$15,869

The foreign and domestic components of income before provision for income taxes are as follows:

	2004	2003	2002
Domestic	$89,363	$ 33,249	$46,306
Foreign	(2,341)	(10,343)	-
	$87,022	$ 22,906	$46,306

On October 22, 2004, the American Jobs Creation Act of 2004 (the "AJCA") was signed by President Bush. The AJCA provides for a special one-time deduction of 85% of certain foreign earnings that are repatriated (as defined by the AJCA) in either an enterprise's last tax year that began before the enactment date, or the first tax year that begins during the one-year period beginning on the date of enactment. The Company is in the process of evaluating the effects of the repatriation provision on its financial statements and expects to complete its evaluation by the end of its second quarter of 2005. The Company does not expect the provision to have a material impact on its financial statements.

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

8. PROPERTY, PLANT AND EQUIPMENT

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

	2004	2003
Land	$ 1,090	$ 1,090
Buildings and building improvements	27,341	26,036
Machinery, software and equipment	158,879	142,493
Furniture and fixtures	91,298	81,295
Shops within a store	5,294	-
Leasehold improvements	80,418	70,303
	364,320	321,217
Less: Accumulated depreciation	(209,690)	(182,680)
	$ 154,630	$ 138,537

In a letter to the American Institute of Certified Public Accountants dated February 7, 2005, the Office of the Chief Accountant of the SEC expressed views regarding certain operating lease accounting issues and their application under generally accepted accounting principles. Historically, when accounting for leasehold improvements, the Company depreciated leasehold improvements on its leased properties over the useful life of the leasehold improvements, which is a method commonly utilized by retail companies. The Company believed this method was the most appropriate application of FASB Statement No. 13, "Accounting for Leases," based on the Company's circumstances. After considering the SEC's views, the Company corrected its method of accounting for leasehold improvements on its leased properties to depreciate leasehold improvements over the shorter of the expected lease term or the useful life of the leasehold improvements . The effect of the correction related to prior years was a $1,102 pre-tax non-cash charge recorded in the Company's consolidated financial statements in the fourth quarter of 2004. Based upon the Company's assessment of both qualitative and quantitative factors in determining materiality, prior years' financial results were not restated. As the correction relates solely to accounting treatment, it does not affect the Company's historical or future cash flows or timing of payments under related leases.

9. LONG-TERM DEBT

Long-term debt is as follows:

	2004	2003
7 1/4% senior unsecured notes due 2011	$150,000	$ -
8 1/8% senior unsecured notes due 2013	150,000	150,000
7 3/4% debentures due 2023	99,512	99,501
9 1/2% senior subordinated notes due 2008	-	149,596
	$399,512	$399,097

On February 18, 2004, the Company issued $150,000 of senior unsecured notes due 2011. The net proceeds of the offering after related fees were $145,131. The notes accrue interest at the rate of 7 1/4% per annum, which is payable semi-annually. The Company used the net proceeds of the issuance of the 7 1/4% senior unsecured notes and available cash to purchase and redeem its 9 1/2% senior subordinated notes due 2008. The total cash paid for purchase and redemption, including a prepayment penalty, was $157,293. The fair value of the 7 1/4% senior unsecured notes on January 30, 2005, based on current market price, was approximately $156,750. In connection with the 7 1/4% senior unsecured notes, the Company must maintain, among other things, a certain interest coverage ratio in order to make restricted payments, as defined in the indenture governing the notes, including cash dividends.

In connection with the Calvin Klein acquisition, the Company entered into a 10% secured term loan agreement for $125,000 with the holders of the convertible redeemable preferred stock. On May 5, 2003, the Company issued $150,000 of senior unsecured notes due 2013. The net proceeds of the offering after related fees were $144,696. The Company used a portion of the net proceeds of the issuance to repay the $125,000 10% secured term loan from the holders of the convertible redeemable preferred stock, plus accrued interest. The notes accrue interest at the rate of 8 1/8% per annum, which is payable semi-annually. The fair value of these notes on January 30, 2005, based on current market price, was approximately $162,750. In connection with the 8 1/8% senior unsecured notes, the Company must maintain, among other things, a certain interest coverage ratio in order to make restricted payments, as defined in the indenture governing the notes, inc luding cash dividends.

The Company issued $100,000 of 7 3/4% debentures due 2023 on November 15, 1993 with a yield to maturity of 7.80%. Interest is payable semi-annually. The fair value of these debentures on January 30, 2005, based on current market price, was approximately $106,000. In connection with the debentures, the Company must maintain a certain level of stockholders' equity in order to make restricted payments, as defined in the indenture governing the debentures, including cash dividends.

The Company has a secured revolving credit facility which provides for revolving credit borrowings, as well as the issuance of letters of credit. The Company may, at its option, borrow and repay amounts up to a maximum of $325,000 under both the revolving credit borrowings and the issuance of letters of credit, with a sublimit of $30,000 for standby letters of credit and with no sublimit on trade letters of credit. Advances under the Revolving Credit Agreement are also limited to a borrowing base consisting of specified percentages of eligible categories of assets. Borrowing spreads and letters of credit fees are based on spreads above LIBOR and other available interest rates, with the spreads changing based upon a pricing grid. For example, revolving credit spreads range from 0 to 25 basis points over prime on prime rate loans, 125 to 225 basis points over LIBOR on LIBOR rate loans and 75 to 150 basis points on outstanding letters of cre dit. All outstanding borrowings and letters of credit under this credit facility are due December 15, 2009. As of January 30, 2005, the Company had no borrowings and $169,815 outstanding letters of credit under this facility.

In connection with the revolving credit facility and the 7 3/4% debentures due 2023, substantially all of the Company's assets have been pledged as collateral.

Interest paid was $39,459 (2004), $32,993 (2003) and $23,782 (2002). 2004 interest paid includes a $7,293 prepayment penalty on the early extinguishment of debt.

There are no scheduled maturities of long-term debt until 2011.

10. LEASES

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

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

At January 30, 2005, minimum annual rental commitments under non-cancelable operating leases, including leases for new retail stores which had not begun operating at January 30, 2005, are as follows:

2005	$ 77,794
2006	63,112
2007	51,973
2008	43,809
2009	34,011
Thereafter	108,412
Total minimum lease payments	$379,111

At January 30, 2005, aggregate future minimum rentals to be received under non-cancelable subleases are $6,204.

Rent expense is as follows:

	2004	2003	2002
Minimum	$80,306	$75,626	$65,843
Percentage and other	14,701	14,015	13,009
Less: Sublease rental income	(1,022)	-	-
	$93,985	$89,641	$78,852

11. RETIREMENT AND BENEFIT PLANS

The Company has noncontributory, defined benefit pension plans covering substantially all U.S. employees meeting certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service. It is the Company's policy to fund pension cost annually in an amount consistent with Federal law and regulations.

The Company and its domestic subsidiaries also provide certain postretirement health care and life insurance benefits. Employees become eligible for these benefits if they reach retirement age while working for the Company. Retirees contribute to the cost of this plan, which is unfunded. During 2002, the postretirement plan was amended to eliminate benefits for active participants who, as of January 1, 2003, had not attained age 55 and 10 years of service.

The measurement date used to determine pension and postretirement measurements for the pension plans and postretirement plan for each year is December 31.

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

	Pension Plans		Postretirement Plan	
	2004	2003	2004	2003
Beginning of year	$194,755	$172,934	$38,997	$35,670
Service cost	5,176	3,982	-	-
Interest cost	12,262	11,514	2,341	2,444
Benefit payments	(9,504)	(8,388)	-	-
Benefit payments, net of retiree contributions	-	-	(2,471)	(2,667)
Actuarial loss	12,586	14,713	772	3,550
Plan amendments	785	-	-	-
End of year	$216,060	$194,755	$39,639	$38,997

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

The accumulated benefit obligation for the pension plans was $203,586 and $186,112 at the end of 2004 and 2003, respectively.

As of January 30, 2005, certain pension plans have projected and accumulated benefit obligations in excess of plan assets as follows:

	Benefit Obligation	
	Projected	Accumulated
Aggregate benefit obligation	$211,896	$196,707
Aggregate fair value of plan assets	157,090	153,695

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

	2004	2003
Beginning of year	$127,092	$111,658
Actual return, net of plan expenses	18,307	22,031
Benefits paid	(9,504)	(8,388)
Company contributions	25,382	1,791
End of year	$161,277	$127,092

The pension plan assets are invested with the objective of being able to meet current and future benefit payment needs, while controlling pension expense volatility and future contributions. Plan assets are diversified among U.S. equities, international equities, fixed income investments and cash. The strategic target allocation is approximately 55% U.S. equities, 15% international equities and 30% fixed income investments. The following table illustrates the percentage of the fair value of total pension plan assets for each major category:

	2004	2003
U.S. equities	61%	61%
International equities	16%	11%
Fixed income investments	23%	27%
Other (including cash)	0%	1%
	100%	100%

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

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

	Pension Plans			Postretirement Plan		
	2004	2003	2002	2004	2003	2002
Service cost, including plan expenses	$ 5,336	$ 4,156	$ 3,371	$ -	$ -	$ 67
Interest cost	12,262	11,514	10,998	2,341	2,444	2,012
Amortization of net loss	6,976	3,867	161	1,238	1,166	388
Amortization of transition asset	-	-	(21)	-	-	-
Expected return on plan assets	(12,535)	(11,796)	(12,393)	-	-	-
Amortization of prior service cost	1,981	1,856	1,949	(444)	(444)	(444)
	$14,020	$ 9,597	$ 4,065	$3,135	$3,166	$2,023

Following is a reconciliation of the projected benefit obligation at the end of each of the last two years to the amounts recognized on the balance sheet:

	Pension Plans		Postretirement Plan	
	2004	2003	2004	2003
Projected benefit obligation at year-end	$ 216,060	$ 194,755	$ 39,639	$ 38,997
Unrecognized prior service cost	(2,373)	(3,569)	4,435	4,879
Unrecognized losses	(64,626)	(64,948)	(17,362)	(17,828)
Employer contributions made after December 31	(3,323)	(17,612)	(204)	(224)
Minimum pension liability	51,431	56,300	-	-
Plan assets at fair value	(161,277)	(127,092)	-	-
Amount recognized in other liabilities	$ 35,892	$ 37,834	$ 26,508	$ 25,824

Currently, the Company does not expect to make any material contributions to the pension plans in 2005. Expected benefit payments associated with the Company's pension plans, and expected benefit payments net of retiree contributions associated with the Company's postretirement benefit plan, are as follows:

	Pension Plans	Postretirement Plan
2005	$ 8,900	$ 3,301
2006	9,183	3,485
2007	9,541	3,597
2008	10,093	3,665
2009	10,712	3,843
2010-2014	69,106	17,144

The health care cost trend rate assumed for 2005 is 10.0% and is assumed to decrease by 0.5% per year through 2014. Thereafter, the rate assumed is 5.0%. If the assumed health care cost trend rate increased or decreased by 1%, the aggregate effect on the service and interest cost components of the net postretirement benefit cost for 2004 and on the postretirement projected benefit obligation at January 30, 2005 would be as follows:

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

	1% Increase	1% Decrease
Impact on service and interest cost	$ 215	$ (186)
Impact on year-end projected benefit obligation	$3,767	$(3,256)

On December 8, 2003, President Bush signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 into law. In May 2004, the FASB issued FASB Staff Position No. FAS 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003," which provides guidance on accounting for the Federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. This guidance is effective for periods beginning after June 15, 2004. The Company expects that application of this guidance will not have a material impact on the Company's Consolidated Financial Statements.

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

	2004	2003	2002
Discount rate	6.00%	6.25%	6.75%
Rate of increase in compensation levels (applies to pension plans only)	4.00%	4.00%	4.00%
Long-term rate of return on assets	8.25%	8.25%	8.75%

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The Company has an unfunded supplemental defined benefit plan covering 23 current and retired executives under which the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the plan for at least 10 years and has attained age 55. At January 30, 2005 and February 1, 2004, $16,913 and $15,789, respectively, are included in other liabilities as the accrued cost of this plan.

The Company has a savings and retirement plan and a supplemental savings plan for the benefit of its eligible employees who elect to participate. The Company matches a portion of employee contributions to the plans. Matching contributions were $3,706 (2004), $3,863 (2003) and $3,061 (2002).

12. CONVERTIBLE REDEEMABLE PREFERRED STOCK

In connection with the Calvin Klein acquisition, the Company issued $250,000 of convertible redeemable preferred stock. The cash proceeds from this issuance after related fees were $249,250. The convertible redeemable preferred stock has a conversion price of $14.00 per share and a dividend rate of 8% per annum, payable quarterly, in cash. If the Company elects not to pay a cash dividend for any quarter, then the convertible redeemable preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. As of January 30, 2005, the liquidation preference of the convertible redeemable preferred stock was $264,746. Conversion may occur any time at the option of the preferred stockholders. Conversion may occur at the Company's option after February 12, 2007, if the market value of the Company's common stock equals or exceeds 225% of the conversion price then in effect for 60 consecutive days.

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

The preferred stockholders can require the Company to redeem for cash all of the then outstanding shares of convertible redeemable preferred stock on or after November 1, 2013. On all matters put to a vote to holders of common stock, each holder of shares of the convertible redeemable preferred stock is entitled to the number of votes equal to the number of shares that would be issued upon conversion of the convertible redeemable preferred stock into common stock. The preferred stockholders have the right to elect separately as a class three directors and to have one of their directors serve on the compensation, nominating and executive committees of the Company's board, subject to applicable law, rule and regulation.

13. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill, by segment, are as follows:

	Apparel and Related Products	Calvin Klein Licensing	Total
Balance as of February 2, 2003	$94,742	$ -	$ 94,742
Goodwill recorded related to Calvin Klein acquisition	-	48,694	48,694
Contingent purchase price payments to Mr. Klein	-	16,955	16,955
Balance as of February 1, 2004	94,742	65,649	160,391
Calvin Klein acquisition liability adjustment	-	(3,784)	(3,784)
Realization of acquisition tax loss carryforwards	(2,663)	-	(2,663)
Contingent purchase price payments to Mr. Klein	-	22,246	22,246
Balance as of January 30, 2005	$92,079	$84,111	$176,190

Intangible assets subject to amortization consist of a covenant not to compete with balances as follows:

	Gross Carrying Amount	Accumulated Amortization	Net
Balance as of February 1, 2004	$600	$ 60	$540
Amortization	-	60	(60)
Balance as of January 30, 2005	$600	$120	$480

Amortization expense is expected to be $60 in each of the next eight years.

Intangible assets not subject to amortization consist of the following:

	2004	2003
Tradenames	$612,772	$542,233
Perpetual license rights	86,000	86,000
Total	$698,772	$628,233

The increase in tradenames was due to the Company's acquisition of *Arrow* on December 10, 2004. The Company is in the process of obtaining a third-party valuation of the *Arrow* tradename. Therefore, the amount recorded to tradenames is subject to adjustment.

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

At the end of 2004, accumulated amortization was $16,849 for goodwill and $587 for other intangible assets. At the end of 2003, accumulated amortization was $16,849 for goodwill and $527 for other intangible assets.

14. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth the detail of accumulated other comprehensive loss, net of related taxes:

	2004	2003
Minimum pension liability adjustment	$(31,887)	$(34,900)
Foreign currency translation adjustment	(137)	(181)
	$(32,024)	$(35,081)

15. ASSET IMPAIRMENTS, ACTIVITY EXIT COSTS AND OTHER CHARGES

Licensing the Bass Wholesale Business

In the fourth quarter of 2003, the Company announced the licensing of the *Bass* brand for wholesale distribution of footwear to Brown Shoe Company, Inc. and the Company's exiting of the wholesale footwear business. In connection with exiting the wholesale footwear business, the Company relocated its retail footwear operations from South Portland, Maine to its New York, New York and Bridgewater, New Jersey offices.

Costs associated with these activities are as follows:

	Total Expected to be Incurred	Incurred in 2004	Cumulative Incurred Through 1/30/05
Severance and termination benefits	$ 6,238	$ 4,529	$ 6,238
Long-lived asset impairments	3,130	-	3,130
Inventory liquidation costs	4,891	262	4,891
Lease termination costs	2,959	2,959	2,959
Relocation of retail operations and other costs	5,024	4,893	5,024
Total	$22,242	$12,643	$22,242

The lease termination costs relate to the Company's facility in South Portland, Maine. Under FASB Statement No. 146 "Accounting for Costs Associated with Exit and Disposal Activities," such costs were recorded based on their fair value when the facility ceased to be used. The long-lived asset impairments relate principally to leasehold improvements in the South Portland, Maine facility and to various information systems that specifically supported the Company's wholesale footwear business.

All costs associated with these activities are included in selling, general and administrative expenses of the Apparel and Related Products segment, except for inventory liquidation costs, which are included in cost of goods sold of the Apparel and Related Products segment.

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

Liabilities recorded in connection with these activities are as follows:

	Liability at 2/1/04	Costs Incurred During 2004	Costs Paid During 2004	Liability at 1/30/05
Severance and termination benefits	$1,660	$4,529	$4,656	$1,533
Lease termination costs	-	2,959	392	2,567
Total	$1,660	$7,488	$5,048	$4,100

The actions related to this plan have been completed by the Company. However, due to the extended terms of certain contractual obligations associated with these actions, the above liability remains as of January 30, 2005.

Retail Store Asset Impairment and Store Closings

During 2003 and 2002, the Company's retail outlet stores were under significant competitive pressure, which resulted in negative same store sale comparisons and reduced overall profitability. This condition was an impairment indicator which caused the Company to evaluate its portfolio of stores to determine whether the net book value of the long-lived assets within the stores, principally leasehold improvements, was recoverable.

Based on this evaluation, during the fourth quarter of 2003, the Company determined that the long-lived assets in approximately 200 stores were not recoverable, which resulted in the Company recording an impairment of $9,017. This determination was made by comparing each store's expected undiscounted future cash flows to the carrying amount of the long-lived assets, and for each store in which the long-lived assets were not deemed recoverable, the net book value of the long-lived assets in excess of the fair value was written off. Fair value was estimated based on the Company's past experience in disposing of leasehold improvements of stores which it has closed.

In connection with the recording of the impairment of long-lived assets, the Company determined it would close a significant number of the impaired stores. Costs associated with these activities are as follows:

	Total Expected to be Incurred	Incurred in 2004	Cumulative Incurred Through 1/30/05
Severance and termination benefits	$ 573	$ 428	$ 573
Lease termination costs	1,868	(110)	1,868
Inventory liquidation costs	1,072	1,072	1,072
Total	$3,513	$1,390	$3,513

The charges for the asset impairment, severance and termination benefits and lease termination costs are included in selling, general and administrative expenses of the Apparel and Related Products segment. Inventory liquidation costs are included in cost of goods sold of the Apparel and Related Products segment.

Liabilities recorded in connection with these activities are as follows:

	Liability at 2/1/04	Costs Incurred During 2004	Costs Paid During 2004	Liability at 1/30/05
Lease termination costs	$1,500	$ (110)	$1,390	$ 0

The actions related to this plan have been completed by the Company.

In the fourth quarter of 2004, the level of profitability in three retail outlet stores (all residing in the same outlet center) was an impairment indicator and caused the Company to evaluate whether the net book value of the long-lived assets within the stores, principally leasehold improvements, was recoverable. Based on this evaluation, the Company determined that the long-lived assets were not recoverable and recorded an impairment of $528, which is included in selling, general and administrative expenses of the Apparel and Related Products segment. This determination was made by comparing each store's expected undiscounted future cash flows to the carrying amount of the long-lived assets. Since the long-lived assets in each store were deemed not recoverable, the net book value of the long-lived assets in excess of the fair value was written off. Fair value was estimated based on net present value of the future cash flows expected fro m these stores.

16. NONCASH INVESTING AND FINANCING TRANSACTIONS

Omitted from the Financing activities section of the Consolidated Statements of Cash Flows for 2004 was a $2,081 write-off of prepaid financing fees associated with the purchase and redemption of the Company's 9 1/2% senior subordinated notes.

Omitted from the Investing activities and Financing activities sections of the Consolidated Statements of Cash Flows for 2003 were certain noncash transactions related to the Calvin Klein acquisition. As part of the purchase price, the Company issued shares of its common stock, valued at $30,000, to the selling shareholders. In addition, the Company issued a nine-year warrant to purchase the Company's common stock at an exercise price of $28.00 to Mr. Klein, valued at $637.

Omitted from the Financing activities section of the Consolidated Statements of Cash Flows for 2003 were preferred dividends of $20,027 on the Company's convertible redeemable preferred stock, as the Company elected not to pay a cash dividend in each of the first three quarters of 2003. The Company declared a cash dividend on convertible redeemable preferred stock in the fourth quarter of 2003 that was paid in the first quarter of 2004.

17. SEGMENT DATA

The Company manages and analyzes its operating results by two business segments: (i) Apparel and Related Products segment and (ii) Calvin Klein Licensing segment. In identifying its reportable segments, the Company evaluated its operating divisions and product offerings. The Company aggregates the results of its dress shirt and sportswear divisions into the Apparel and Related Products segment. This segment derives revenues from marketing dress shirts and sportswear and, to a lesser extent, footwear and other accessories, principally under the brand names *Van Heusen, IZOD, Geoffrey Beene, Arrow, Kenneth Cole New York, Reaction Kenneth Cole, Bass/G.H. Bass & Co., Calvin Klein, ck Calvin Klein, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Chaps* and *Sean John.* The Calvin Klein Licensing segment derives revenues from (a) licensing and similar arrangements worldwide of the *Calvin Klein Collection, Calvin Klein* and *ck Calvin Klein* brands for a broad array of products and (b) the marketing, directly by the Company, through three Calvin Klein image stores, of high-end apparel and accessories collections for men and women under the *Calvin Klein Collection* brand. The Company includes the *Calvin Klein Collection* business in the Calvin Klein Licensing segment because management views the purpose of the *Calvin Klein Collection* business as building and marketing the *Calvin Klein* brands, which supports and benefits all of the brands' licensing businesses.

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

	Segment Data		
	2004	2003	2002
Revenues – Apparel and Related Products			
Net sales	$1,448,761	$1,390,665	$1,380,272
Royalty and other revenues	20,682	14,228	11,766
Total	1,469,443	1,404,893	1,392,038
Revenues – Calvin Klein Licensing			
Net sales	11,474	35,051	-
Royalty and other revenues	160,511	128,892	-
Total	171,985	163,943	-
Total revenues			
Net sales	1,460,235	1,425,716	1,380,272
Royalty and other revenues	181,193	143,120	11,766
Total	$1,641,428	$1,568,836	$1,392,038
Operating income - Apparel and Related Products	$ 106,078[1]	$ 74,636[2]	$ 94,514
Operating income - Calvin Klein Licensing	56,921	9,366[3]	-
Corporate expenses[4]	33,120	24,724	25,479
Income before interest and taxes	$ 129,879	$ 59,278	$ 69,035

(1) Operating income for the Apparel and Related Products segment in 2004 includes $14,033 of costs associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's retail footwear operations.

(2) Operating income for the Apparel and Related Products segment in 2003 includes $20,739 of costs associated with the impairment and closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's retail footwear operations.

(3) Operating income for the Calvin Klein Licensing segment in 2003 includes $36,366 of costs related to the integration of Calvin Klein, which consist of (a) the operating losses of certain Calvin Klein businesses, principally relating to the men's and women's wholesale collection apparel businesses, which the Company has closed or licensed, and associated costs in connection therewith and (b) the costs of certain duplicative personnel and facilities incurred during the integration of various logistical and back office functions.

(4) Corporate expenses represent overhead operating expenses that the Company does not allocate to its segments and include expenses for senior corporate management, corporate finance and information technology related to corporate infrastructure. Corporate expenses in 2004 and 2003 include a pre-tax gain of $743 and $3,496, respectively, related to the Company's sale of investments.

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

No single customer accounted for greater than 10% of the Company's revenues in 2004, 2003 or 2002. Assuming the merger of Federated Department Stores, Inc. and The May Department Stores Company announced on February 28, 2005, the emerging company would have accounted for 12.5% of the Company's revenues in 2004.

	2004	2003	2002
Identifiable Assets			
Apparel and Related Products	$ 617,691	$ 518,866	$474,822
Calvin Klein Licensing	656,894	632,490	-
Corporate	274,997	287,927	296,878
	$1,549,582	$1,439,283	$771,700
Depreciation and Amortization			
Apparel and Related Products	$ 25,963	$ 24,003	$ 22,753
Calvin Klein Licensing	2,171	1,583	-
Corporate	3,888	2,984	2,925
	$ 32,022	$ 28,570	$ 25,678
Identifiable Capital Expenditures			
Apparel and Related Products	$ 42,060	$ 28,179	$ 26,519
Calvin Klein Licensing	1,828	1,388	-
Corporate	2,307	2,403	2,932
	$ 46,195	$ 31,970	$ 29,451

Assets related to the Company's segments are principally located in the United States.

Revenues for the Apparel and Related Products segment occurred principally in the United States. Revenues for the Calvin Klein Licensing segment occurred as follows:

	2004	2003
Domestic	$ 81,176	$ 92,995
Foreign	90,809	70,948
	$171,985	$163,943

18. OTHER COMMENTS

The Company has guaranteed the payment of certain purchases made by one of the Company's suppliers from a raw material vendor. The maximum amount guaranteed under the contract is $2,500. The guarantee expires on January 31, 2006.

One of the Company's directors, Mr. Harry N.S. Lee, is a director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong. During 2004, 2003 and 2002, the Company purchased approximately $15,295, $13,507 and $14,390, respectively, of products from TAL Apparel Limited and certain related companies.

One of the Company's directors, Joel H. Goldberg, owns Career Consultants Inc. and S&K Associates, Inc. During 2004, 2003 and 2002, the Company purchased services of approximately $1,220, $1,294 and $1,083, respectively, from Mr. Goldberg and his two companies for management consulting and recruiting.

Included in selling, general and administrative expenses are foreign currency transaction gains of $599 (2004), $1,019 (2003) and $12 (2002).

Included in accrued expenses are certain incentive compensation costs of $13,908 as of January 30, 2005.

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

During each of 2004, 2003 and 2002, the Company paid four $0.0375 per share cash dividends on its common stock.

PHILLIPS-VAN HEUSEN CORPORATION

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

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	2004(1)	2003(6)	2004(2)	2003(7)	2004(3)	2003(8)	2004(4,5)	2003(9)
Total revenues(10)	$378,238	$379,496	$375,924	$379,378	$473,456	$453,597	$413,810	$356,365
Gross profit(10)	170,286	157,433	173,003	158,083	209,912	178,325	197,790	150,518
Net income (loss)	1,593	(2,153)	12,990	8,977	26,741	17,034	17,291	(9,152)
Basic net income (loss) per common share	(0.12)	(0.22)	0.25	0.13	0.69	0.39	0.38	(0.47)
Diluted net income (loss) per common share	(0.12)	(0.22)	0.24	0.13	0.52	0.34	0.33	(0.47)
Price range of common stock per share								
High	19.95	13.74	19.46	15.20	23.27	17.23	29.95	18.30
Low	17.08	11.16	16.45	12.65	17.56	13.72	22.57	16.27

(1) The first quarter of 2004 includes charges of $9,374 related to debt extinguishment costs and $5,796 related to costs associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations. The tax effect of these charges was a benefit of $5,310.

(2) The second quarter of 2004 includes charges of $1,512 related to costs associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations. The tax effect of these charges was a benefit of $529.

(3) The third quarter of 2004 includes charges of $6,551 related to costs associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations. The tax effect of these charges was a benefit of $2,293.

(4) The fourth quarter of 2004 includes charges of $174 related to costs associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations. The tax effect of these charges was a benefit of $61. Also included in net income was the realization of certain state net operating loss carryforwards recorded as a tax benefit of $3,016.

(5) The fourth quarter of 2004 includes a charge of $2,059 related to the Company's correction of its leasehold improvement depreciation expense. Of such amount, $1,102 related to prior years and $957 related to the first three quarters of 2004. The tax effect of the aggregate amount was a benefit of $721. Additional information regarding this charge is included in Note 8, "Property, Plant and Equipment," to the Consolidated Financial Statements.

(6) The first quarter of 2003 includes charges of $15,126 related to Calvin Klein integration costs. The tax effect of these charges was a benefit of $5,143. Calvin Klein integration costs consist of (a) the operating losses of certain Calvin Klein businesses that the Company has closed or licensed, and associated costs in connection therewith and (b) the costs of certain duplicative personnel and facilities incurred during the integration of various logistical and back office functions.

(7) The second quarter of 2003 includes charges of $7,198 related to Calvin Klein integration costs and a $3,496 gain resulting from the Company's sale of its minority interest in Gant. The net tax effect of these items was a benefit of $1,071.

(8) The third quarter of 2003 includes charges of $6,030 related to Calvin Klein integration costs. The tax effect of these charges was a benefit of $1,604.

(9) The fourth quarter of 2003 includes charges of $8,012 related to Calvin Klein integration costs, charges of $9,599 associated with exiting the wholesale footwear business and relocating the Company's retail operations, and charges of $11,140 associated with the impairment and closing of certain retail outlet stores. The tax effect of these charges was a benefit of $9,997.

(10) In the second quarter of 2004, the Company reclassified its recording of cooperative advertising expense to be a reduction of revenue. As a result, the Company's previously disclosed total for revenues and gross profit in its first quarter 2004 report on Form 10-Q differs from the amounts shown. The reclassification had no effect on net income.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with accounting principles generally accepted in the United States and, accordingly, include certain amounts based on our best judgments and estimates.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the underlying transactions, including the acquisition and disposition of assets; (ii) provide reasonable assurance that the Company's assets are safeguarded and transactions are executed in accordance with management's authorization and are recorded a s necessary to permit preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of the Company's Board of Directors, composed solely of directors who are independent in accordance with New York Stock Exchange listing standards, the Securities Exchange Act of 1934, the Company's Corporate Governance Guidelines and its charter, meets periodically with the Company's independent auditors, the Company's internal auditors and management to discuss internal control over financial reporting, auditing and financial reporting matters. Both the independent auditors and the Company's internal auditors periodically meet alone with the Audit Committee and have free access to the Committee.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 30, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework. Based on our assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of January 30, 2005.

The Company's independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee, subject to ratification by the Company's stockholders. Ernst & Young LLP have audited and reported on the consolidated financial statements of the Company, management's assessment of the effectiveness of the Company's internal control over financial reporting and the effectiveness of the Company's internal control over financial reporting. The reports of the independent auditors are contained in this Annual Report.

/s/ Bruce J. Klatsky	/s/ Emanuel Chirico	/s/ Vincent A. Russo
Bruce J. Klatsky Chairman, Board of Directors, and Chief Executive Officer March 21, 2005	Emanuel Chirico Executive Vice President and Chief Financial Officer March 21, 2005	Vincent A. Russo Vice President and Controller March 21, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management Report on Internal Control over Financial Reporting, that Phillips-Van Heusen Corporation maintained effective internal control over financial reporting as of January 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Phillips-Van Heusen Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detect ion of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Phillips-Van Heusen Corporation maintained effective internal control over financial reporting as of January 30, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Phillips-Van Heusen Corporation maintained, in all material respects, effective internal control over financial reporting as of January 30, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of January 30, 2005 and February 1, 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended January 30, 2005 and our report dated March 21, 2005 expressed an unqualified opinion thereon.

ERNST & YOUNG LLP

New York, New York
March 21, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of January 30, 2005 and February 1, 2004, and the related consolidated income statements, consolidated statements of changes in stockholders' equity and consolidated statements of cash flows for each of the three years in the period ended January 30, 2005. Our audits also included the financial statement schedule included in Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phillips-Van Heusen Corporation and subsidiaries at January 30, 2005 and February 1, 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 30, 2005 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Phillips-Van Heusen Corporation's internal control over financial reporting as of January 30, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 21, 2005, expressed an unqualified opinion thereon.

E&Y SIGNATURE STAMP

New York, New York
March 21, 2005

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

	2004(1)	2003(2)	2002	2001(3)	2000(4)
Summary of Operations					
Revenues					
Apparel and Related Products	$1,469,443	$1,404,893	$1,392,038	$1,418,185	$1,440,719
Calvin Klein Licensing	171,985	163,943	-	-	-
	1,641,428	1,568,836	1,392,038	1,418,185	1,440,719
Cost of goods sold and expenses	1,511,549	1,509,558	1,323,003	1,377,046	1,370,182
Income (loss) before interest and taxes	129,879	59,278	69,035	41,139	70,537
Interest expense, net	42,857	36,372	22,729	24,451	22,322
Income tax expense (benefit)	28,407	8,200	15,869	6,008	18,115
Net income (loss)	$ 58,615	$ 14,706	$ 30,437	$ 10,680	$ 30,100
Per Share Statistics					
Basic net income (loss) per common share	$ 1.20	$ (0.18)	$ 1.10	$ 0.39	$ 1.10
Diluted net income (loss) per common share	1.14	(0.18)	1.08	0.38	1.10
Dividends paid per common share	0.15	0.15	0.15	0.15	0.15
Stockholders' equity per common share	11.23	9.68	9.80	9.62	9.80
Financial Position					
Current assets	491,692	488,912	451,127	405,300	436,381
Current liabilities	208,493	182,864	127,439	114,358	138,095
Working capital	283,199	306,048	323,688	290,942	298,286
Total assets	1,549,582	1,439,283	771,700	708,933	724,364
Long-term debt	399,512	399,097	249,012	248,935	248,851
Convertible redeemable preferred stock	264,746	264,746	-	-	-
Stockholders' equity	$ 364,026	$ 296,157	$ 272,227	$ 265,727	$ 268,561
Other Statistics					
Total debt to total capital(7)	38.9%	41.6%	47.8%	48.4%	48.1%
Net debt to net capital(8)	30.5%	32.2%	32.6%	43.6%	46.0%
Current ratio	2.4	2.7	3.5	3.5	3.2
Average common shares outstanding	31,117	30,314	27,770	27,595	27,305

(1) 2004 includes pre-tax charges of $9,374 related to debt extinguishment costs, pre-tax charges of $14,033 associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations and a $3,016 tax benefit associated with the realization of certain state net operating loss carryforwards.

(2) 2003 includes pre-tax charges of $36,366 related to integration costs associated with the Company's acquisition of Calvin Klein, Inc. and certain affiliated companies, pre-tax charges of $20,739 associated with the impairment and closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations and a pre-tax gain of $3,496 resulting from the Company's sale of its minority interest in Gant. Calvin Klein integration costs consist of (a) the operating losses of certain Calvin Klein businesses which the Company has closed or licensed, and associated costs in connection therewith and (b) the costs of certain duplicative personnel and facilities incurred during the integration of various logistical and back office functions.

(3) 2001 includes pre-tax charges of $21,000 for restructuring and other expenses.

(4) 2000 and 1996 include 53 weeks of operations.

(5) 1997 includes pre-tax charges of $132,700 for restructuring and other expenses.

(6) 1995 includes pre-tax charges of $27,000 for restructuring and other expenses.

(7) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

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

PHILLIPS-VAN HEUSEN CORPORATION
TEN YEAR FINANCIAL SUMMARY (CONTINUED)

	1999	1998	1997[5]	1996[4]	1995[6]
Summary of Operations					
Revenues					
Apparel and Related Products	$1,260,533	$1,293,907	$1,341,465	$1,351,722	$1,456,204
Calvin Klein Licensing	-	-	-	-	-
	1,260,533	1,293,907	1,341,465	1,351,722	1,456,204
Cost of goods sold and expenses	1,212,223	1,250,422	1,428,618	1,303,984	1,435,631
Income (loss) before interest and taxes	48,310	43,485	(87,153)	47,738	20,573
Interest expense, net	22,430	27,743	20,672	23,164	23,199
Income tax expense (benefit)	9,007	3,915	(41,246)	6,044	(2,920)
Net income (loss)	$ 16,873	$ 11,827	$ (66,579)	$ 18,530	$ 294
Per Share Statistics					
Basic net income (loss) per common share	$ 0.62	$ 0.43	$ (2.46)	$ 0.69	$ 0.01
Diluted net income (loss) per common share	0.62	0.43	(2.46)	0.68	0.01
Dividends paid per common share	0.15	0.15	0.15	0.15	0.15
Stockholders' equity per common share	8.86	8.39	8.11	10.73	10.20
Financial Position					
Current assets	425,970	368,017	385,018	362,958	444,664
Current liabilities	124,580	132,686	133,335	122,266	183,126
Working capital	301,390	235,331	251,683	240,692	261,538
Total assets	673,748	674,313	660,459	657,436	749,055
Long-term debt	248,784	248,723	241,004	189,398	229,548
Convertible redeemable preferred stock	-	-	-	-	-
Stockholders' equity	$ 241,685	$ 228,888	$ 220,305	$ 290,158	$ 275,292
Other Statistics					
Total debt to total capital[7]	50.7%	54.0%	53.0%	43.1%	52.3%
Net debt to net capital[8]	38.9%	53.0%	51.8%	41.7%	50.8%
Current ratio	3.4	2.8	2.9	3.0	2.4
Average common shares outstanding	27,289	27,218	27,108	27,004	26,726

(1) 2004 includes pre-tax charges of $9,374 related to debt extinguishment costs, pre-tax charges of $14,033 associated with the closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations and a $3,016 tax benefit associated with the realization of certain state net operating loss carryforwards.

(2) 2003 includes pre-tax charges of $36,366 related to integration costs associated with the Company's acquisition of Calvin Klein, Inc. and certain affiliated companies, pre-tax charges of $20,739 associated with the impairment and closing of certain retail outlet stores and exiting the wholesale footwear business and relocating the Company's existing retail footwear operations and a pre-tax gain of $3,496 resulting from the Company's sale of its minority interest in Gant. Calvin Klein integration costs consist of (a) the operating losses of certain Calvin Klein businesses which the Company has closed or licensed, and associated costs in connection therewith and (b) the costs of certain duplicative personnel and facilities incurred during the integration of various logistical and back office functions.

(3) 2001 includes pre-tax charges of $21,000 for restructuring and other expenses.

(4) 2000 and 1996 include 53 weeks of operations.

(5) 1997 includes pre-tax charges of $132,700 for restructuring and other expenses.

(6) 1995 includes pre-tax charges of $27,000 for restructuring and other expenses.

(7) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

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

SCHEDULE II

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Period	Additions Charged to Expense (Income)	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended January 30, 2005					
Deducted from asset accounts: Allowance for doubtful accounts	$5,863	$ (615)	$ -	$2,163	$3,085
Year Ended February 1, 2004					
Deducted from asset accounts: Allowance for doubtful accounts	$2,872	$1,951	$1,305(a)	$ 265	$5,863
Year Ended February 2, 2003					
Deducted from asset accounts: Allowance for doubtful accounts	$2,496	$ 677	$ -	$ 301	$2,872

(a) Addition due to the acquisition of Calvin Klein, Inc.

PHILLIPS-VAN HEUSEN CORPORATION
1997 STOCK OPTION PLAN
<u>OPTION CERTIFICATE</u>

This Certificate, when executed by a duly authorized officer of Phillips-Van Heusen Corporation (the "Company"), describes an Option to purchase shares of the Common Stock of the Company under the terms of the 1997 Stock Option Plan, as adopted by the Company's Board of Directors and as approved by the Company's stockholders (as the same may from time to time be amended, the "Plan"), granted to the Optionee named herein.

1. Optionee: **«FIRST» «LAST»**

2. Number of shares of Common Stock subject to Option: **«NUMBER»**

3. Option Price Per Share: **«PRICE»**

4. Date of Grant: **«GRANT DATE»**

5. Expiration Date of Option: **«TEN YEARS FROM DATE OF GRANT »**

6. This Option is: _______________ An Incentive Stock Option

   _______________ A Non-Qualified Stock Option

7. Does Optionee have the right to tender shares of the Common Stock in payment of all or a portion of the Option Price?

   Yes ________X________ No _________________

This Option is subject to, and governed by, all of the terms of the Plan, including the provisions with respect to acceleration and early termination. Terms defined in the Plan are used in this Certificate as so defined.

This option shall vest and become exercisable in four equal cumulative annual installments, commencing on the first anniversary of the Date of Grant.

This Certificate is not a security and does not represent the Option described herein. Certain terms of the Option, including the exercise price and the number of shares of Common Stock subject to the Option, may change as provided in the Plan or as a result of a partial exercise of the Option. The actual exercise price and number of shares of Common Stock subject to the Option are as reflected on the books and records of the Company on the relevant date. Neither this Certificate nor the Option represented hereby are assignable or transferable by the Optionee except as otherwise permitted under the Plan.

PHILLIPS-VAN HEUSEN CORPORATION

BY: ____

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PHILLIPS-VAN HEUSEN CORPORATION
2000 STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate, when executed by a duly authorized officer of Phillips-Van Heusen Corporation (the "Company"), describes an Option to purchase shares of the Common Stock of the Company under the terms of the 2000 Stock Option Plan, as adopted by the Company's Board of Directors and approved by the Company's stockholders (as the same may from time to time be amended, the "Plan"), granted to the Optionee named herein.

1. Optionee: **«FIRST» «LAST»**
2. Number of shares of Common Stock subject to Option: **«NUMBER»**
3. Option Price Per Share: **«PRICE»**
4. Date of Grant: **«GRANT DATE»**
5. Expiration Date of Option: **«TEN YEARS FROM DATE OF GRANT »**
6. This Option is: _______________ An Incentive Stock Option

   _______________ A Non-Qualified Stock Option
7. Does Optionee have the right to tender shares of the Common Stock in payment of all or a portion of the Option Price?

   Yes ___X___ No ___________________

This Option is subject to, and governed by, all of the terms of the Plan, including the provisions with respect to acceleration and early termination. Terms defined in the Plan are used in this Certificate as so defined.

This option shall vest and become exercisable in four equal cumulative annual installments, commencing on the first anniversary of the Date of Grant.

This Certificate is not a security and does not represent the Option described herein. Certain terms of the Option, including the exercise price and the number of shares of Common Stock subject to the Option, may change as provided in the Plan or as a result of a partial exercise of the Option. The actual exercise price and number of shares of Common Stock subject to the Option are as reflected on the books and records of the Company on the relevant date. Neither this Certificate nor the Option represented hereby are assignable or transferable by the Optionee except as otherwise permitted under the Plan.

PHILLIPS-VAN HEUSEN CORPORATION

BY: ____

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PHILLIPS-VAN HEUSEN CORPORATION
2003 STOCK OPTION PLAN
OPTION CERTIFICATE

This Certificate, when executed by a duly authorized officer of Phillips-Van Heusen Corporation (the "Company"), describes an Option to purchase shares of the Common Stock of the Company under the terms of the 2000 Stock Option Plan, as adopted by the Company's Board of Directors and approved by the Company's stockholders (as the same may from time to time be amended, the "Plan"), granted to the Optionee named herein.

1. Optionee: **«FIRST» «LAST»**
2. Number of shares of Common Stock subject to Option: **«NUMBER»**
3. Option Price Per Share: **«PRICE»**
4. Date of Grant: **«GRANT DATE»**
5. Expiration Date of Option: **«10 YEARS FROM DATE OF GRANT »**
6. This Option is: _______________ An Incentive Stock Option

   _______________ A Non-Qualified Stock Option
7. Does Optionee have the right to tender shares of the Common Stock in payment of all or a portion of the Option Price?

   Yes ________________ No __________________

This Option is subject to, and governed by, all of the terms of the Plan, including the provisions with respect to acceleration and early termination. Terms defined in the Plan are used in this Certificate as so defined.

This Option shall vest and become exercisable in four equal cumulative annual installments, commencing on the first anniversary of the Date of Grant.

This Certificate is not a security and does not represent the Option described herein. Certain terms of the Option, including the exercise price and the number of shares of Common Stock subject to the Option, may change as provided in the Plan or as a result of a partial exercise of the Option. The actual exercise price and number of shares of Common Stock subject to the Option are as reflected on the books and records of the Company on the relevant date. Neither this Certificate nor the Option represented hereby are assignable or transferable by the Optionee except as otherwise permitted under the Plan.

PHILLIPS-VAN HEUSEN CORPORATION

BY:

____

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Exhibit 10.29

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of March 4, 2003, between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation ("PVH" and, together with its subsidiaries, the "Company"), and MARK WEBER (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to retain Executive on a full-time basis in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be so employed by the Company.

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

1. Employment.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, 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, and with or without notice. The period commencing on the date hereof and ending on the effective date of the termination of the Executive's employment is hereinafter referred to as the "Employment Period."

(b) Position. The Executive shall serve as President and Chief Operating Officer of the Company or in such other position or positions as the Company's Chief Executive Officer or Board of Directors (which, for purposes of this Agreement, includes any committee thereof) may designate from time to time. The Executive shall (i) perform such duties and services as shall from time to time be assigned to him, (ii) devote all of his business time to the services required of him hereunder and (iii) use his best efforts, judgment, skill and energy to perform such duties and services. As used in this Section 1, "business time" shall be determined in accordance with the usual and customary standards of the Company.

2. Compensation.

(a) Base Salary. 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 Company or the Board of Directors may from time to time, in its sole and absolute discretion, increase or decrease the Base Salary by any amount it determines to be appropriate.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock option plans and other incentive compensation programs, including, without limitation, the Company's 1997 and 2000 Stock Option Plans, Long-Term Incentive Plan and Performance Incentive Bonus Plan (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer and/or the Board of Directors, as appropriate, may determine all terms of participation (inclu ding, 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 Chief Executive Officer's or Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board of Directors from amending or terminating any and all Plans in its sole and absolute discretion. 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 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, without limitation, the Associates' Investment Plan for Salaried Associates, the Supplemental Savings Plan, the Pension Plan and the Supplemental Defined Benefit Plan and any other 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 of Directors from amending or terminating any such plan in its sole and absolute discretion. The terms of each such plan shall govern the Executive's rights and obligations thereunder during the Executive's employment and upon the termination the reof.

(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.

(e) Educational Benefit Plan and Capital Accumulation Plan. The Executive's participation in the Company's Capital Accumulation Program pursuant to the Agreement, dated as of February 12, 1987, between the Company and the Executive, as amended (the "CAP Agreement"), shall continue in accordance with the terms thereof; provided, however, that, notwithstanding any provision to the contrary in the CAP Agreement, if the Executive's employment with the Company is terminated other than by reason of his death or for cause, at the Executive's option, all of his benefits under the CAP Agreement may commence upon the latter to occur of the termination of his employment or his attaining age 55. In addition, the

Executive's participation in the Company's Educational Benefit Plan (the "EBP") shall continue in accordance with past practice; provided, however, that if the Executive's employment with the Company is terminated for any reason other than cause, the Executive's participation in the EBP shall continue until the completion of his sons' undergraduate education up to age 25. Without limiting the generality of the foregoing, the definition of "Cause" hereunder shall not supersede the definition of "cause" in the EBP (if any) or the CAP 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 the EBP or the CAP Agreement upon or subsequent to a termination of employment.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). 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. For purposes of this Agreement, "Cause" shall be defined as (1) gross negligence in the performance of the material responsibilities of the Executive's office or position; (2) gross misconduct in the performance of the material responsi bilities of the Executive's office or position, including, without limitation, malfeasance relating to the Company and/or vendor and customer accounts and insubordination; (3) material failure or refusal by the Executive to perform his core job duties, as such may be reasonably assigned to him from time to time, other than by reason of his death or disability, or other acts or omissions constituting material neglect or dereliction of his such duties; (4) the conviction of the Executive by a court of competent jurisdiction (and after all appeal procedures have been exhausted or have expired) of, or the entry of a plea of guilty or *nolo contendere* by the Executive to a charge of, the commission of a crime that constitutes a felony under federal or state law or the equivalent under foreign law; (5) the Executive's embezzlement or intentional misappropriation of any property of the Company; (6) the Executive having 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); (7) fraud, dishonesty or other acts or omissions by the Executive that constitute a willful breach of his fiduciary duty to the Company; or (8) the happening of any other event which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting. The Executive shall be given notice of the termination of his employment for Cause under this Section 3(a). If the Executive shall be terminated pursuant to clause (1), (2) or (3) of this Section 3(a), the Executive shall be given a reasonable period of time, not to exceed 30 days, to correct the underlying act or omission. In all other cases, termination shall be effective as of the date notice is given.

(b) Termination without Cause by the Company. The Company may also terminate the Executive's employment under this Agreement at any time without Cause. The voluntary resignation of the Executive shall not for any reason be treated as a termination of employment by the Company without Cause, even if the Executive's stated reason for resignation is a material change in the terms or conditions of his employment as in effect at that time, except as otherwise provided in Sections 3(c) or 3(g)(ii). If the Company terminates the Executive's services without Cause, other than during the two-year period following a Change in Control (as hereinafter defined), the Executive shall be entitled to receive from the Company (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) an aggregate amount (the "Severance Amount") equal to two years' salary calculated at the Base Salary rate then in effect payable in 48 substantially equal payments on the same schedule that Base Salary was paid immediately prior to termination. In addition, if the Company terminates the Executive's employment hereunder without Cause, then the Company shall also provide to the Executive during the period over which the Severance Amount is paid, medical and dental insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical and dental 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 and dental insurance coverage from any other emp loyer 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. In addition, all unvested outstanding stock options granted to Executive pursuant to any Plans shall immediately vest and the Executive shall have until the earlier of (x) three years from the termination date and (y) the scheduled expiration date of each option to exercise all outstanding stock options, other than options granted under the Company's 1987 Stock Option Plan, which shall only be exercisable up to 30 days after the last day of the Executive's employment (or the scheduled expiration thereof, if sooner). For the avoidance of doubt, the payment of the Severance Amount shall be in lieu of a ny amounts payable under the Company's severance policy (as then in effect) and the Executive hereby waives any and all rights thereunder.

(c) Termination By Reason of Special Circumstances. (i) If, upon the termination for any reason of the service of Bruce J. Klatsky as Chief Executive Officer and Chairman of the Company, the Executive is not named to succeed Mr. Klatsky in both such positions or (ii) if the Executive is required to report to a Person on a supervisory basis other than Mr. Klatsky or the Board of Directors ("Special Circumstances") and the Executive voluntarily terminates his employment with the Company within 10 business days as a result thereof, the Executive shall be entitled to receive from the Company (x) the portion of the Base Salary for periods prior to the effective date of termination accrued but unpaid (if any), (y) all unreimbursed expenses (if any), subject to Section 2(d), and (z) an aggregate amount equal to two times the average annual "cash compensation" paid to and/or accrued wit h respect to the Executive during the two-year period immediately preceding the date of such termination, or such portion of said period as the

Executive shall have been employed by the Company, with such amount to be paid in 48 substantially equal payments on the same schedule that Base Salary was paid immediately prior to termination. Notwithstanding the foregoing, if the positions of Chairman and Chief Executive Officer are separated by the Board of Directors due to regulatory requirements, corporate governance principles or otherwise, then, in the case of clause (i) of the first sentence of this Section 3(c), a Special Circumstance shall only arise if Mr. Klastky's service as Chief Executive Officer is terminated, Mr. Klatsky is not serving as Chairman, and the Executive is not named to succeed Mr. Klatsky as Chief Executive Officer. For purposes of this Section 3(c), "cash compensation" shall mean only salary and cash bonus (if any). In addition, all unvested outstanding stock options granted to the Exe cutive pursuant to any Plans shall immediately vest and the Executive shall have until the earlier of (1) three years from the termination date and (2) the scheduled expiration date of each option to exercise all outstanding stock options, other than options granted under the Company's 1987 Stock Option Plan, which shall only be exercisable up to 30 days after the last day of the Executive's employment (or the scheduled expiration thereof, if sooner). If the Executive terminates his employment with the Company by reason of Special Circumstances, then the Company shall also provide to the Executive, during the period over which severance is paid under clause (z) of this Section 3(c), 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 terminat ion of employment; provided, however, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and 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, dental, life and disability 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. Notwithstanding anything in the foregoing to the contrary, if the Executive elects to terminate his employment by reason of Special Circumstances, the Executive acknowledges and agrees that the Board of Directors may make the payment of the severance under clause (z) of this Section 3(c) contingent upon the Executive remaining in the Company's em ploy hereunder for a reasonable transition period not to exceed six months from the date the Executive elects to terminate his employment by reason of Special Circumstances. For the avoidance of doubt, the amounts payable under clause (z) of this Section 3(c) 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.

(d) Termination by Voluntary Resignation by the Executive. The Executive may terminate his employment with the Company at any time by voluntary resignation. Upon such termination, except as otherwise provided in Sections 3(c) and 3(g)(ii), 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation. The Company shall continue to pay the Executive his Base Salary during such 90-day period. The Executive acknowledges and agrees that the Company may elect to place the

Executive on paid leave for all or any part of 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.

(e) 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 120 consecutive days or for shorter periods aggregating 120 days in any 12-month period. If the Executive's employment is so terminated by the Company, 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(f) 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(g) Termination Subsequent to a Change in Control.

(i) For purposes of this Agreement:

(A) A "Change in Control" shall be deemed to occur upon:

(1) the election of one or more individuals to the Board of Directors, which election results in one-third or more of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by at least three-fourths of the directors of PVH who have been directors of PVH for at least two years;

(2) the sale by PVH of all or substantially all of its assets (or the assets of the PVH subsidiary employing the Executive) to any individual or unaffiliated partnership, limited liability company or other entity (each, a "Person"), the consolidation of PVH (or the PVH subsidiary employing the Executive) with any Person, the merger of PVH (or the PVH subsidiary employing the Executive) with any Person as a result of which merger PVH (or the PVH subsidiary employing the Executive) is not the surviving entity (in the case of PVH, as a publicly held corporation), unless such sale has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction;

(3) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction; or

(4) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-half, of the shares of PVH having voting power for the election of directors.

(B) "Continuing Director" means any director of PVH on the date hereof and any director of PVH whose election to the Board of Directors of PVH was recommended or approved by at least three-fourths of the directors of PVH serving at the time of such recommendation or approval and in all events shall exclude any director who was elected as a result of the solicitation of proxies by any Person other than the Board of Directors of PVH.

(C) "Successor Board" means a Board of Directors of PVH at least three-quarters of which is composed of Continuing Directors.

(D) "Good Reason" means

(1) a material reduction in the Executive's duties without his consent;

(2) a reduction of the Executive's Base Salary as in effect immediately before the Change in Control by more than 10% or the elimination of all Plans (without a commensurate increase in Base Salary or replacement by new Plans) or the reduction of the compensation under the Plans (including any new or replacement Plans) such that the Executive's potential total compensation (<u>i.e.</u>, Base Salary, cash bonuses, stock awards, stock options and other compensation) is reduced by more than 10% of his potential total compensation (assuming all performance criteria are satisfied and awards are paid at their maximum level; provided, however, that with respect to stock awards, stock option grants and other non-cash compensation, the value ascribed thereto should be consistent with the basis of the Company's practices (<u>e.g.</u>, option grant size based on position versus option grant given on a Black-Scholes or ot her valuation basis)) before the Change in Control;

(3) a material reduction relative to all other senior executives in the medical, life, disability and other benefits made available to the Executive pursuant to Section 2(c); and

(4) a material diminution relative to all other senior executives in the Executive's status or working conditions or any other action that impairs substantially the Executive's status relative to all other senior executives.

(E) "Parachute Indemnity Amount" shall mean the amount determined with respect to the Executive as follows:

(1) There shall first be determined, after giving effect to the payment of the Executive's Primary Benefit (as hereinafter defined) and all other compensation and benefits paid to the Executive under any plans of or agreements with the Company, but not to the Executive's Secondary Benefit, the aggregate of the Executive's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Internal Revenue Code of 1986, as amended.

(2) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Internal Revenue Code of 1986, as amended.

(3) The amount determined in accordance with the provisions of clause (2) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus the Executive's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate.

(ii) Upon the voluntary termination of employment with the Company by the Executive for Good Reason within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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), and (C) an aggregate amount equal to the sum of (x) (the "Primary Benefit") equal to the p roduct of (1) three and (2) the average annual cash compensation, including salary, cash awards under any Plan and cash bonuses, paid to and/or accrued with respect to the Executive during the two-year period preceding the date of such termination, or such portion of said period as the Executive shall have been employed by the Company, and (y) an amount (the "Secondary Benefit") equal to the Executive's Parachute Indemnity Amount. Upon the voluntary termination of employment with the Company for Good Reason by the Executive within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide to the Executive, for the period of three 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 on the occurrence of such Change in Control, whichever is greater; provided, however, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and disability insurance coverage from any other employer during such three-year period, but the Executive shall not have any obligation to seek or accept employment during such three-year period, whether or not any such employment would provide comparable medic al, dental, life and disability insurance coverage. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 3(g)(ii) by seeking employment or otherwise, nor shall the amount of any payment provided for herein be reduced by any compensation or retirement benefits heretofore or hereafter earned by the Executive as the result of employment by any other Person, except as provided in the proviso to the immediately preceding sentence. For the avoidance of doubt, the amounts payable under clause (C) of this Section 3(g)(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.

4. Effect of Termination. The amounts paid to the Executive pursuant to Section 3(b), 3(c) or 3(g)(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 Sections 2(b) and 2(e). 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, in advance of, and as a condition to, the payment thereof, 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 any Plan, the EBP or the CAP Agreement. 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)).

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) 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 opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed. The Executive further agrees that following the termination of the Employment Period for whatever reason, (i) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (ii) the Executive shall n ot 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, 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-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.

(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 senior management of the Company shall not make any derogatory comment concerning the Executive.

(e) Blue Pencilling. 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.

(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.

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. 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 assets. The merger or consolidation of the Company into or with any other Person or any other transaction involving a change of control of the Company shall not constitute an assignment of this Agreement by the Company.

(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:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Vice President – Human Resources

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.

(h) Indemnification. The Company shall indemnify the Executive and hold the Executive harmless from and against any claim, loss or cause of action arising from or out of the Executive’s performance as an officer, director or employee of the Company or in any other capacity, including any fiduciary capacity, in which the Executive serves at the request of the Company to the maximum extent permitted by applicable law; provided, however, that the Executive shall not be entitled to indemnification hereunder with respect to any expense, loss, liability or damage which was caused by the Executive’s own gross negligence, willful misconduct or reckless disregard of his duties hereunder. The Company shall pay any and all reasonable legal fees incurred by the Executive in the defense of any such claim on a current basis, provided that the Executive agrees in writing to reimburse the Company for any fees that it is determined the Executive is not entitled to have paid by the Company. The Company shall have the right to select counsel reasonably acceptable to the Executive to defend such claim and to have the same counsel represent the Company and its officers and directors unless there is a material conflict of interest between the Company and the Executive, in which case the Executive may select and retain his own counsel at the Company’s expense. The Executive shall not settle any action or claim against the Executive without the prior written consent of the Company, except at the Executive’s sole cost and expense.

(i) 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.

(j) 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.

(k) Waiver of Jury Trial. The Company and the Executive hereby waive, as against the other, trial by jury in any judicial proceeding to which they are both parties involving, directly or indirectly, any matter in any way arising out of, related to or connected with this Agreement.

(l) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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 EBP and the CAP Agreement. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans as defined in Section 2(b) or the plans referred to in Section 2(c). 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.

(m) 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.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
Title: Chairman and Chief Executive Officer

/s/ Mark Weber
Mark Weber

EXHIBIT A

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT MARK WEBER (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the amounts paid as severance as set forth in Section [3(b)][3(c)][3(g)(ii)] of the Employment Agreement between the Releasor and PHILLIPS-VAN HEUSEN CORPORATION, dated as of March 4, 2003 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges Phillips-Van Heusen Corporation, together with its current and former subsidiaries (the "Company"), each of its 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 specifically that 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, the Family and Medical Leave Act of 1993, 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, tortuous or harassing conduct, infliction of mental or emo tional 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(c)][3(g)(ii)], 5(d) or 7(h) 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.

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(c)][3(g)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not already entitled.

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 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 Releasor elects to sign and return to Phillips-Van Heusen Corporation a copy of this Release, 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 Phillips-Van Heusen Corporation, 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(c)][3(g)(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 Phillips-Van Heusen Corporation.

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__.

Mark Weber

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 March 3, 2005 between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation (“PVH” and, together with its subsidiaries, the “Company”), and MARK WEBER (the “Executive”).

W I T N E S S E T H:

WHEREAS, the Company has previously entered into an Employment Agreement with the Executive dated as of March 4, 2003 (the “Existing Agreement”), and, in connection with the Executive’s promotion to Chief Executive Officer of the Company, desires to amend and restate the Existing Agreement so as to ensure that the Executive is retained on a full-time basis 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 effective as of the Effective Date (as defined below).

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 the date on which Bruce J. Klatsky relinquishes his title as Chief Executive Officer of the Company and the Board of Directors of the Company (which for purposes of this Agreement includes any committee thereof, unless the context otherwise requires) (the “Board”) appoints the Executive to the position of Chief Executive Officer of the Company (the “Effective Date”). Until the Effective Date, the terms and conditions of the Existing Agreement shall continue in full force and effect.

(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. 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 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 Employment Period, (A) the Executive shall serve as the Chief Executive Officer of the Company, with such duties and responsibilities as are consistent with such positions in a company the size and nature of the Company, (B) the Executive shall serve as a member of the Board, (C) the Executive shall report directly to the Board and (D) the Executive’s services shall be performed at the Company’s headquarters in New York, New York as of the Effective Date 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 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 the Board, with the performance of his duties for the Company and are otherwise consistent with the Company's governance policies.

2. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay the Executive a salary at the annual rate of $1,100,000 ("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. Base Salary shall not be reduced after any increase, and 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 option plans and other incentive compensation programs for similarly situated executives, including, without limitation, the Company's 1997, 2000 and 2003 Stock Option Plans, and subject to the approval thereof by the Company's stockholders at the 2005 Annual Meeting of Stockholders, the Company's Long-Term Incentive Plan and Performance Incentive Bonus Plan (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Execut ive does participate in a Plan and the Plan does not expressly provide otherwise, the Board 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 its sole and absolute discretion; provided, that, with respect to each fiscal year ending during the Employment Period, the Executive's target annual cash bonus opportunity under the Company's Performance Incentive Bonus Plan (or any successor plan) shall be no less than 75% of his Base Salary and his maximum annual cash bonus opportunity under the Company's Performance Incentive Bonus Plan (or any successor plan) shall be no less than 175% of his Base Salary. 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, provided, that, if the Company's Long Term Incentive Plan is discontinued, it shall be replaced with a plan or program that provides the Executive with a comparable long-term incentive opportunity, which shall not be a guarantee of the terms or form of payment of the potential awards or benefits under any such replacement plan. 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 te rmination 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, without limitation, the Associates' Investment Plan for Salaried Associates, the Supplemental Savings Plan, the Pension Plan and the Supplemental Defined Benefit Plan and any other 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 dur ing 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.

(e) Educational Benefit Plan and Capital Accumulation Program. The Executive's participation in the Company's Capital Accumulation Program pursuant to the Agreement, dated as of February 12, 1987, between the Company and the Executive, as amended (the "CAP Agreement"), shall continue in accordance with the terms thereof; provided, however, that, notwithstanding any provision to the contrary in the CAP Agreement, if the Executive's employment with the Company is terminated other than by reason of his death or for cause, at the Executive's option, all of his benefits under the CAP Agreement may commence upon the termination of his employment. In addition, the Executive's participation in the Company's Educational Benefit Program (the "EBP") shall continue in accordance with past practice; provided, < U>however, that if the Executive's employment with the Company is terminated for any reason other than Cause, the Executive's participation in the EBP shall continue until the completion of his sons' undergraduate education up to age 25. Without limiting the generality of the foregoing, the definition of "Cause" hereunder shall not supersede the definition of "cause" in the CAP 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 the EBP or the CAP Agreement upon or subsequent to a termination of employment.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(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). 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, 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 purposes of this Agreement, "Cause" shall mean: (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 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 that specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties; (3) the Executive is convicte d 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 as the Chief Executive Officer of the Company or as a director of the Company.

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 the Chairman of the Company 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. The Executive's employment shall not be terminated for "Cause," within the meaning of clause (1) or (2) above, unless the Executive has been given written notice by the Board stating the basis for such termination and he is given twenty (20) days to cure the neglect or conduct that is the basis of any such claim and, if he fails to cure such conduct, or such conduct cannot be cured, the Executive has an opportunity to be heard before the full Board and after such hearing, the Board gives the Executive written notice confirming that in the judgment of a majority of all directors of the Company (other than the Executive), "Cause" for terminating the Executive's employment on the basis set forth in the notice exists.

(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 below in Section 3(f)(i)(B)). 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 below in Section 3(f)(i)(A)), the Executive shall be entitled to receive from the Company (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), (iii) an aggregate am ount (the "Severance Amount") equal to three times the average annual "cash compensation" paid to and/or accrued with respect to the Executive during the two completed fiscal years of the Company immediately preceding the date of such termination, with such amount to be paid in 36 substantially equal payments on the same schedule that Base Salary was paid immediately prior to the Executive's date of termination, and (iv) the payment or provision of any Other Benefits. For purposes of this Section 3(b), "cash compensation" shall mean only annual base salary and annual cash bonus (if any). 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 three-year period following the Executive's date of termination, medical, dental, life and disability insurance coverage for th e 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. In addition, all unvested outstanding stock options granted to the Executive pursuant to any Plans shall immediate ly vest and the Executive shall have until the earlier of (x) three years from the termination date and (y) the scheduled expiration date of each option to exercise all outstanding stock options, other than options granted under the Company's 1987 Stock Option Plan, which shall only be exercisable up to 30 days after the last day of the Executive's employment (or the scheduled expiration thereof, if sooner). 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. To the extent the payment of the Severance Amount commencing immediately following the Executive's date of termination would result in the imposition of the additional tax under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the first installment of the Severance Amount (equal to the amount that would have been pai d if the Severance Amount had been paid ratably during the six-month period following the date of termination) shall be paid on the first business day that is six months after the date of termination and all remaining installments for such 36-month period shall be paid as provided above.

(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. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of 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 th e 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 date hereof is the owner of at least 8% of the combined voting power of the then-outstanding voting securities of the Company 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 i n 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; or

(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 solici tation 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 the Company (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 the Company (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 the Company or all or substantially all of the Company'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 co mmon 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 the Company of a complete liquidation or a dissolution of the Company.

(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;

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

(3) the failure of the Company to comply with the provisions of Section 2(b) relating to the level of the Executive's annual cash bonus opportunity;

(4) the failure of the Company to comply with the provisions of Section 2(b) relating to the Executive's long-term incentive opportunity in the event the Company's Long Term Incentive Plan is discontinued;

(5) the taking of any action by the Company that substantially diminishes 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);

(6) the removal of the Executive as Chief Executive Officer of the Company (other than for Cause);

(7) the failure to appoint or elect (or reappoint or reelect) the Executive as a member of the Board or the removal of the Executive from the Board (other than for Cause);

(8) 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;

(9) solely after a Change in Control of the Company, a change in the Chairman of the Board such that neither the person holding such position as of immediately prior to the Change in Control nor the Executive is serving as the Chairman of the board of directors of the corporation resulting from such Change in Control at any time during the one-year period following such Change in Control (other than as a result of such prior Chairman's cessation of service due to death or disability); or

(10) 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) <u>Obligations of the Company upon a Termination by the Executive for Good Reason or the Company for any reason other than death, Disability or Cause during the Two-Year Period following a Change in Control</u>. 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, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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 equal to the sum of (x) the product of (1) three and (2) the average annual "cash compensation" (as defined in this Section 3(f)(ii)) paid to and/or accrued with respect to the Executive during the two completed fiscal years of the Company immediately preceding the date of such termination, and (D) the payment or provision of any Other Benefits. For purposes of this Section 3(f)(ii), “cash compensation” shall mean annual base salary, annual cash bonus (if any) and cash awards (if any, except as provided in the proviso hereto) under the Company’s Long Term Incentive Plan (or any successor cash-based long term incentive plan, which for the avoidance of doubt shall include, for purposes of this Section 3(f)(ii), any plan under which the award opportunity is denominated as a dollar amount, even if the actual award amount is satisfied in equity), provided, that if the Long Term Incentive Plan (or any successor cash-based long term incentive plan) is discontinued and not replaced with a cash-based long term incentive plan, for purposes of determi ning the average annual cash compensation under clause (C)(2) above, the amounts equal to the payments made or accrued (to the extent earned but unpaid) to or for the Executive under the Company’s Long Term Incentive Plan (or any successor cash-based long term incentive plan) with respect to the final two completed performance cycles under such plan shall be included. 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 three consecutive years commencing on the date of such termination of employment, m edical, 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 three-year period, but the Executive shall not have any obligation to seek or accept employment during such three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. For the avoidance of doubt, 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. To the extent the immediate payment of the amount determined under clause (C) would result in the imposition of the additional tax under Section 409A of the Code, such amount shall be paid in a lump sum on the business day that is six months after the date of termination.

(iii) Certain Additional Payments by the Company.

(A) In the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 3(f)(iii)) (a “Payment”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the “Excise Tax”), then the Executive shall be entitled to receive an additional payment (the “Gross-Up Payment”) in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(B) Subject to the provisions of Section 3(f)(iii)(C), all determinations required to be made under this Section 3(f)(iii), including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company’s auditors or such other nationally recognized certified public accounting firm reasonably acceptable to the Executive as may be designated by the Company (the “Accounting Firm”). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any G ross-Up Payment, as determined pursuant to this Section 3(f)(iii), shall be paid by the Company to the Executive within five days of the later of (I) the due date for the payment of any Excise Tax, and (II) the receipt of the Accounting Firm’s determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the “Underpayment”), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 3(f)(iii)(C) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(C) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than ten business days after the Executive is informed in writing of such claim. The Executive shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 3(f)(iii), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Executive and direct th e Executive to sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company pays such claim and directs the Executive to sue for a refund, the Company shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and, provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with r espect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(D) If, after the receipt by the Executive of a Gross-Up Payment or payment by the Company of an amount on the Executive's behalf pursuant to Section 3(f)(iii)(C), the Executive becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 3(f)(iii)(C), if applicable) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by the Company of an amount on the Executive's behalf pursuant to Section 3(f)(iii)(C), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(E) Notwithstanding any other provision of this Section 3(f)(iii), the Company may, in its sole discretion, withhold and pay to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding.

(g) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by 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 notice of such 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 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 Sections 2(b) and 2(e). Such amounts shall constitute liquidated damages with respect to any and all such rights and claims. In consideration of the Executive's receipt thereof, each of the Executive and the Company agree to execute a mutual general release in favor of the other party, substantially in the form attached hereto as Exhibit A. The payments and provision of benefits to the Executive required by Sections 3(b) and 3(f)(ii) 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, subject

to the Company's delivery to the Executive of such release in favor of the Executive. Notwithstanding the foregoing, nothing herein shall be construed to release the Company or the Executive from any obligations that continue following the Executive's date of termination, including without limitation, the Company's obligations under Section 3(f)(iii), the provision of welfare benefits and the indemnification of the Executive as set forth in Section 7(h), and the Executive's obligations under Section 5.

(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 during such three-year period in accordance with the terms of the Severance Plan.

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 t he 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 tangib le 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 e nterprise. 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 enforcemen t 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 manne r 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

With a copy to:

Stewart Reifler, Esq.
Vedder, Price, Kaufman & Kammholz, P.C.
805 Third Avenue
New York, New York 10022

If to the Company at:

Phillips-Van Heusen Corporation
200 Madison Avenue

New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: 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. Except as provided in Section 7(i), 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 th e 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 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) Dispute Resolution/Legal Fees. Except to the extent necessary to enforce the provisions of Section 5 hereof in accordance with Section 5(g), any disputes under this Agreement shall be settled by arbitration in Manhattan in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Executive shall be entitled to reimbursement for reasonable attorneys' fees and expenses incurred in connection with any such arbitration, provided that the Executive prevails on at least one material claim that is the subject of 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) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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 EBP and the CAP Agreement. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans as defined in Section 2(b) or the plans referred to in Section 2(c). 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.

(m) 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.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Bruce J. Klatsky
Name:
Title:

/s/ Mark Weber
Mark Weber

EXHIBIT A

RELEASE

1. Executive's Release. TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT MARK WEBER (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the amounts paid as severance as set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PHILLIPS-VAN HEUSEN CORPORATION, dated as of __________, 2005 (as the same may have been heretofore amended, the "Agreement") and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, hereby irrevocably, unconditionally, generally and forever releases and discharges Phillips-Van Heusen Corporation, together with its current and former subsidiaries (the "Company"), each of its current and former officers, directors, employees, agents, representatives and a dvisors 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 specifically that prohibit discrimination based upon age, race, relig ion, 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, the Family and Medical Leave Act of 1993, 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 wro ngful 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 by the Company of Section [3(b)][3(f)(ii) and (iii)], 5(e) or 7(h) of the Agreement or the "CAP Agreement" or "EBP" (as such terms are defined in the Agreement) or any plan or program of the type referred to in Sections 2(b) and 2(c) of the Agreement in which the Releasor was a participant.

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. 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 o f 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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not 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 Phillips-Van Heusen Corporation 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 Phillips-Van Heusen Corporation, 200 Madison Avenue, Ne w 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.

2. Company's Release. TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT, for and in consideration of the obligations upon the Releasor as set forth in the Agreement, and for other good and valuable consideration, the Company hereby (on its own behalf and that of its affiliates, divisions and predecessors and successors and the directors and officers of the Company in their capacity as such (collectively, the "Releasing Entities")) releases the Releasor and his heirs, executors, successors and assigns (the "Executive Released Parties") of and from all debts, obligations, promises, covenants, collective bargaining obligations, agreements, contracts, endorsements, bonds, controversies, suits, claims or causes of every kind and nature whatsoever, arising out of, or related to, his employment with the Company and its affiliates, his separation fr om employment with the Company and its affiliates or derivative of the Releasor's employment, which the Releasing Entities now have or may have against the Executive Released Parties, whether known or unknown, by reason of facts which have occurred on or prior to the date that the Company has signed this Release; provided, however, that nothing contained in this Release shall release the Executive Released Parties from any claim or form of liability arising out of acts or omissions by the Releasor which constitute a violation of the criminal or securities laws

of any applicable jurisdiction or for which the Releasor would not be indemnified under applicable law. Notwithstanding anything else herein to the contrary, this Release shall not affect the obligations of the Releasor set forth in the Agreement or any other obligations that by their terms are to be performed after the date hereof by the Releasor.

3. No Amendment. This Release shall not be amended, supplemented or otherwise modified in any way except in a writing signed by the Releasor and Phillips-Van Heusen Corporation.

4. Governing Law. 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 conflict of laws.

___________________________	___________________________
Date	MARK WEBER
___________________________	___________________________
Date	PHILLIPS-VAN HEUSEN CORPORATION

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

Notary Public

Exhibit 10.30

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of March 4, 2003, between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation ("PVH" and, together with its subsidiaries, the "Company"), and EMANUEL CHIRICO (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to retain Executive on a full-time basis in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be so employed by the Company.

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

1. Employment.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, 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, and with or without notice. The period commencing on the date hereof and ending on the effective date of the termination of the Executive's employment is hereinafter referred to as the "Employment Period."

(b) Position. The Executive shall serve as Executive Vice President and Chief Financial Officer or in such other position or positions as the Company's Chief Executive Officer or Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise) may designate from time to time. The Executive shall (i) perform such duties and services as shall from time to time be assigned to him, (ii) devote all of his business time to the services required of him hereunder and (iii) use his best efforts, judgment, skill and energy to perform such duties and services. As used in this Section 1, "business time" shall be determined in accordance with the usual and customary standards of the Company.

2. Compensation.

(a) Base Salary. The Company shall pay the Executive a salary at the annual rate of $800,000 ("Base Salary"), payable in accordance with the normal payroll procedures of the Company in effect from time to time. The Company or the Board of Directors may from time to time, in its sole and absolute discretion, increase or decrease the Base Salary by any amount it determines to be appropriate.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock option plans and other incentive compensation programs (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer and/or the Board of Directors, 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 Exe cutive) in the Chief Executive Officer's or Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board of Directors from amending or terminating any and all Plans in its sole and absolute discretion. 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 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 of Directors from amending or terminating any such plan in its sole and absolute discretion. 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.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). 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), and (ii) all unreimbursed expenses, subject to Section 2(d). 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. For purposes of this Agreement, "Cause" shall be defined as (1) gross negligence in the performance of the material responsibilities of the Executive's office or position; (2) gross misconduct in the

performance of the material responsibilities of the Executive’s office or position, including, without limitation, malfeasance relating to the Company and/or vendor and customer accounts and insubordination; (3) material failure or refusal by the Executive to perform his core job duties, as such may be reasonably assigned to him from time to time, other than by reason of his death or disability, or other acts or omissions constituting material neglect or dereliction of his such duties; (4) the conviction of the Executive by a court of competent jurisdiction (and after all appeal procedures have been exhausted or have expired) of, or the entry of a plea of guilty or *nolo contendere* by the Executive to a charge of, the commission of a crime that constitutes a felony under federal or state law or the equivalent under foreign law; (5) the Executive's embezzlement or intentional misappropriat ion of any property of the Company; (6) the Executive having 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); (7) fraud, dishonesty or other acts or omissions by the Executive that constitute a willful breach of his fiduciary duty to the Company; or (8) the happening of any other event which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting. The Executive shall be given notice of the termination of his employment for Cause under this Section 3(a). If the Executive shall be terminated pursuant to clause (1), (2) or (3) of this Section 3(a), the Executive shall be given a reasonable period of time, not to exceed 30 days, to correct the underlying act or omission. In all other cases, termination shall be effective as of the date notice is given.

(b) Termination without Cause by the Company. The Company may also terminate the Executive’s employment under this Agreement at any time without Cause. The voluntary resignation of the Executive shall not for any reason be treated as a termination of employment by the Company without Cause, even if the Executive’s stated reason for resignation is a material change in the terms or conditions of his employment as in effect at that time, except as otherwise provided in Section 3(f)(ii). If the Company terminates the Executive’s services without Cause, other than during the two-year period following a Change in Control (as hereinafter defined), the Executive shall be entitled to receive from the Company (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 Sect ion 2(d), and (iii) an aggregate amount (the "Severance Amount") equal to the greater of (x) 18 months' salary and (y) the severance payable under the Company's Severance Policy, as then in effect. In addition, if the Company terminates the Executive's employment hereunder without Cause, then the Company shall also provide to the Executive during the period over which the Severance Amount is paid, medical and dental insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical and dental 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 and dental insurance coverage from any other employer during such period, but the Executive shall not have any obligation to seek or accept e mployment 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. The Severance Amount shall be based upon the Base Salary then in effect. The Severance Amount shall be payable in substantially equal payments on the same schedule as Base Salary was paid immediately prior to termination. For purposes of this Section 3(b), the Executive shall be deemed to accrue a year of employment with the Company on each anniversary of his date of hire and, with respect to his last year of employment, if at least six months have passed since the last such anniversary date. 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.

(c) Termination by Voluntary Resignation by the Executive. The Executive may terminate his employment with the Company at any time by voluntary resignation. Upon such termination, except as otherwise provided in Section 3(f)(ii), 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation. The Company shall continue to pay the Executive his Base Salary during such 90-day period. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of such 90-day peri od. 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 120 consecutive days or for shorter periods aggregating 120 days in any 12-month period. If the Executive’s employment is so terminated by the Company, 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(f) Termination Subsequent to a Change in Control.

(i) For purposes of this Agreement:

(A) A "Change in Control" shall be deemed to occur upon:

(1) the election of one or more individuals to the Board of Directors, which election results in one-third or more of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by at least three-fourths of the directors of PVH who have been directors of PVH for at least two years;

(2) the sale by PVH of all or substantially all of its assets (or the assets of the PVH subsidiary employing the Executive) to any individual or unaffiliated partnership, limited liability company or other entity (each, a "Person"), the consolidation of PVH (or the PVH subsidiary employing the Executive) with any Person, the merger of PVH (or the PVH subsidiary employing the Executive) with any Person as a result of which merger PVH (or the PVH subsidiary employing the Executive) is not the surviving entity (in the case of PVH, as a publicly held corporation), unless such sale has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction;

(3) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction; or

(4) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-half, of the shares of PVH having voting power for the election of directors.

(B) "Continuing Director" means any director of PVH on the date hereof and any director of PVH whose election to the Board of Directors of PVH was recommended or approved by at least three-fourths of the directors of PVH serving at the time of such recommendation or approval and in all events shall exclude any director who was elected as a result of the solicitation of proxies by any Person other than the Board of Directors of PVH.

(C) "Successor Board" means a Board of Directors of PVH at least three-quarters of which is composed of Continuing Directors.

(D) "Good Reason" means

(1) a material reduction in the Executive's duties without his consent;

(2) a reduction of the Executive's Base Salary as in effect immediately before the Change in Control by more than 10% or the elimination of all Plans (without a commensurate increase in Base Salary or replacement by new Plans) or the reduction of the compensation under the Plans (including any new or replacement Plans) such that the Executive's potential total compensation (i.e., Base Salary, cash bonuses, stock awards, stock options and other compensation) is reduced by more than 10% of his potential total compensation (assuming all performance criteria are satisfied and awards are paid at their maximum level) before the Change in Control;

(3) a material reduction relative to all other senior executives in the medical, life, disability and other benefits made available to the Executive pursuant to Section 2(c); and

(4) a material diminution relative to all other senior executives in the Executive's status or working conditions or any other action that impairs substantially the Executive's status relative to all other senior executives.

(E) "Parachute Indemnity Amount" shall mean the amount determined with respect to the Executive as follows:

(1) There shall first be determined, after giving effect to the payment of the Executive's Primary Benefit (as hereinafter defined) and all other compensation and benefits paid to the Executive under any plans of or agreements with the Company, but not to the Executive's Secondary Benefit, the aggregate of the Executive's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Internal Revenue Code of 1986, as amended.

(2) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Internal Revenue Code of 1986, as amended.

(3) The amount determined in accordance with the provisions of clause (2) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus the Executive's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate.

(ii) Upon the voluntary termination of employment with the Company by the Executive for Good Reason within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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) and (C) an aggregate amount equal to the sum of (x) (the "Primary Benefit") equal to the pr oduct of (1) two and (2) the average annual cash compensation, including salary, cash awards under any plan and cash bonuses, paid to and/or accrued with respect to the Executive during the two-year period preceding the date of such termination, or such portion of said period as the Executive shall have been employed by the Company, and (y) an amount (the "Secondary Benefit") equal to the Executive's Parachute Indemnity Amount. Upon the voluntary termination of employment with the Company for Good Reason by the Executive within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide to the Executive, for a p eriod 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 on the occurrence of such Change in Control, whichever is greater; <u>provided</u>, <u>however</u>, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and 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 three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. The Executive shall not be req uired to mitigate the amount of any payment provided for in this Section 3(f)(ii) by seeking employment or otherwise, nor shall the amount of any payment provided for herein be reduced by any compensation or retirement benefits heretofore or hereafter earned by the Executive as the result of employment by any other Person, except as provided in the <u>proviso</u> to the immediately preceding sentence. For the avoidance of doubt, 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.

4. <u>Effect of Termination</u>. 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, in advance of, and as a condition to, the payment thereof, execute a release in favor of the Company, substantially in the form of <u>Exhibit A</u> 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 a nd 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 any Plan.   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)).

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) 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 opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed. The Executive further agrees that following the termination of the Employment Period for whatever reason, (i) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (ii) 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 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-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.

(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 senior management of the Company shall not make any derogatory comment concerning the Executive.

(e) Blue Pencilling. 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.

(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.

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 reasonab ly request, to evidence such assignment.

7. Miscellaneous.

(a) Assignment. 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 assets. The merger or consolidation of the Company into or with any other Person or any other transaction involving a change of control of the Company shall not constitute an assignment of this Agreement by the Company.

(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:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Vice President – Human Resources

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.

(h) Indemnification. The Company shall indemnify the Executive and hold the Executive harmless from and against any claim, loss or cause of action arising from or out of the Executive's performance as an officer, director or employee of the Company or in any other capacity, including any fiduciary capacity, in which the Executive serves at the request of the Company to the maximum extent permitted by applicable law; provided, however, that the Executive shall not be entitled to indemnification hereunder with respect to any expense, loss, liability or damage which was caused by the Executive's own gross negligence, willful misconduct or reckless disregard of his duties hereunder. The Company shall pay any and all reasonable legal fees incurred by the Executive in the defense of any such claim on a current basis, provided that the Executive agrees in writing to reimburse the Company for any fees that it is determined the Executive is not entitled to have paid by the Company. The Company shall have the right to select counsel reasonably acceptable to the Executive to defend such claim and to have the same counsel represent the Company and its officers and directors unless there is a material conflict of interest between the Company and the Executive, in which case the Executive may select and retain his own counsel at the Company's expense. The Executive shall not settle any action or claim against the Executive without the prior written consent of the Company, except at the Executive's sole cost and expense.

(i) 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.

(j) 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.

(k) Waiver of Jury Trial. The Company and the Executive hereby waive, as against the other, trial by jury in any judicial proceeding to which they are both parties involving, directly or indirectly, any matter in any way arising out of, related to or connected with this Agreement.

(l) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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 Agreement, dated as of December 17, 1998, between the Company and the Executive, as amended, relating to the Company's Capital Accumulation Program, the terms and conditions of which shall not be affected hereby. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans or the plans referred to in Section l(c) except as specifically provided in the preceding sentence. 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 E xecutive 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.

(m) 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.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
Title: Chairman and Chief Executive Officer

/s/ Emanuel Chirico
Emanuel Chirico

EXHIBIT A

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT EMANUEL CHIRICO (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the payments set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PHILLIPS-VAN HEUSEN CORPORATION, dated as of March 4, 2003 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges Phillips-Van Heusen Corporation (together with its current and former subsidiaries, the "Company"), each of its current and former officers, directors, employees, agents, representatives and advisors and their respective heirs, executors, administrators, legal representatives, receivers, affiliates, beneficial owners, successors and as signs (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 specifically that prohibit discrimination based upon age, race, religion, gender, national origin, disability, sexual orientation or any other unlawful bases, including, without limitation, the Age Discrimination i n 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 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, tortuous 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 f or 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)(ii)], 5(d) or 7(h) 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.

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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not already entitled.

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 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 Releasor elects to sign and return to Phillips-Van Heusen Corporation a copy of this Release, 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 Phillips-Van Heusen Corporation, 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 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 Phillips-Van Heusen Corporation.

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__.

Emanuel Chirico

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 March 3, 2005 between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation (“PVH” and, together with its subsidiaries, the “Company”), and EMANUEL CHIRICO (the “Executive”).

W I T N E S S E T H:

WHEREAS, the Company has previously entered into an Employment Agreement with the Executive dated as of March 4, 2003 (the “Existing Agreement”), and, in connection with the Executive’s promotion to President and Chief Operating Officer of the Company, desires to amend and restate the Existing Agreement so as to ensure that the Executive is retained on a full-time basis 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 effective as of the Effective Date (as defined below).

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 the date on which Bruce J. Klatsky relinquishes his title as Chief Executive Officer of the Company and the Board of Directors of the Company (which for purposes of this Agreement includes any committee thereof, unless the context otherwise requires) (the “Board”) appoints the Executive to the position of President and Chief Operating Officer of the Company (the “Effective Date”). Until the Effective Date, the terms and conditions of the Existing Agreement shall continue in full force and effect.

(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. 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 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 Employment Period, (A) the Executive shall serve as the President and Chief Operating Officer of the Company, 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, and (B) the Executive’s services shall be performed at the Company's headquarters in New York, New York as of the Effective Date 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 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 materi ally interfere, in the reasonable judgment of the Board, with the performance of his duties for the Company and are otherwise consistent with the Company's governance policies.

2. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay the Executive a salary at the annual rate of $900,000 ("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. Base Salary shall not be reduced after any increase, and 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 option 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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer 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 timin g and conditions of receipt thereof by the Executive) in the Chief Executive Officer'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.

(e) Capital Accumulation Program. Following the Effective Date, the Company shall take the necessary action to provide the Executive with a supplemental benefit under the Company's Capital Accumulation Program (the "CAP") of $500,000, so that his aggregate benefit under the CAP and any supplement thereto shall equal $2 million. The terms of the agreement evidencing the supplemental CAP benefit shall be substantially similar to those of the Executive's existing CAP agreement (as it may be amended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")), and the Executive shall receive service credit for purposes of the vesting of the supplemental CAP benefit for all service taken into account for the purposes of the vesting of the existing CAP benefit.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(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). 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, 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 purposes of this Agreement, "Cause" shall mean: (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 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 Chief Executive Officer that specifically identifies the manner in which the Board or the Chief Executive Officer believes that the Executive ha s not substantially performed the Executive's duties; (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 as the Chief Operating Officer or as President of the Company.

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 the Chief Executive Officer of the Company 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. The Executive's employment shall not be terminated for "Cause," within the meaning of clause (1) or (2) above, unless the Executive has been given written notice by the Boa rd stating the basis for such termination and he is given twenty (20) days to cure the neglect or conduct that is the basis of any such claim and, if he fails to cure such conduct, or such conduct cannot be cured, the Executive has an opportunity to be heard before the full Board and after such hearing, the Board gives the Executive written notice confirming that in the judgment of a majority of all directors of the Company (other than the Executive), "Cause" for terminating the Executive's employment on the basis set forth in the notice exists.

(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 below in Section 3(f)(i)(B)). 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 below in Section 3(f)(i)(A)), the Executive shall be entitled to receive from the Company (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), (iii) an aggregate am ount (the "Severance Amount") equal to two times the average annual "cash compensation" paid to and/or accrued with respect to the

Executive during the two completed fiscal years of the Company immediately preceding the date of such termination, with such amount to be paid in 24 substantially equal payments on the same schedule that Base Salary was paid immediately prior to the Executive's date of termination, and (iv) the payment or provision of any Other Benefits. For purposes of this Section 3(b), "cash compensation" shall mean only annual base salary and annual cash bonus (if any). 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 two-year 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. For the avoidance of doubt, the payment of the Severance Amount shall be in lieu of any amounts payable under the Company's sever ance policy (as then in effect) and the Executive hereby waives any and all rights thereunder. To the extent the payment of the Severance Amount commencing immediately following the Executive's date of termination would result in the imposition of the additional tax under Section 409A of the Code, the first installment of the Severance Amount (equal to the amount that would have been paid if the Severance Amount had been paid ratably during the six-month period following the date of termination) shall be paid on the first business day that is six months after the date of termination and all remaining installments for such 24-month period shall be paid as provided above.

(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. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of 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 th e 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 date hereof is the owner of at least 8% of the combined voting power of the then-outstanding voting securities of the Company 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 i n 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; or

(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 solici tation 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 the Company (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 the Company (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 the Company or all or substantially all of the Company'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 the Company of a complete liquidation or a dissolution of the Company.

(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 duties or responsibilities to the Executive in connection with his professional development or the reallocation of some of the Executive's duties or responsibilit ies to other executives of the Company in connection with the evolution of the Executive's position;

(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;

(5) solely after a Change in Control of the Company, a change in the Chairman of the Board such that neither the person holding such position nor the person serving as Chief Executive Officer of the Company, as of immediately prior to the Change in Control, nor the Executive, is serving as the Chairman of the board of directors of the corporation resulting from such Change in Control at any time during the one-year period following such Change in Control (other than as a result of such person's cessation of service due to death or disability); or

(6) 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) Obligations of the Company upon a Termination by the Executive for Good Reason or the Company for any reason other than death, Disability or Cause during the Two-Year Period following a Change in Control. 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, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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 equal to the sum of (x) the product of (1) three and (2) the average annual "cash compensation" (as defined in this Section 3(f)(ii)) paid to and/or accrued with respect to the Executive during the two completed fiscal years of the Company immediately preceding the date of such termination, and (D) the payment or provision of any Other Benefits. For purposes of this Section 3(f)(ii), "cash compensation" shall mean annual base salary, annual cash bonus (if any) and cash awards (if any, except as provided in the proviso hereto) under the Company's Long Term Incentive Plan (or any successor cash-based long term incentive plan, which for the avoidance of doubt shall include, for purposes of this Section 3(f)(ii), any plan under which the award opportunity is denominated as a dollar amount, even if the actual award amount is satisfied in equity), provided, that if the Long Term Incentive Plan (or any successor cash-based long term incentive plan) is discontinued and not replaced with a cash-based long term incentive plan, for purposes of determining the average annual cash compensation under clause (C)(2) above, the amounts equal to the payments made or accrued (to the extent earned but unpaid) to or for the Executive under the Company's Long Term Incentive Plan (or any successor cash-based long term incentive plan) with respect to the final two completed performance cycles under such plan shall be included. 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 Con trol pursuant to a consolidation, merger or sale of assets, shall also provide, for the period of three 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 three-year period, but the Executive shall not have any obligation to seek or accept employment during such three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. For the avoidance of doubt, 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. To the extent the immediate payment of the amount determined under clause (C) would resul t in the imposition of the additional tax under Section 409A of the Code, such amount shall be paid in a lump sum on the business day that is six months after the date of termination.

(iii) Certain Additional Payments by the Company.

(A) In the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 3(f)(iii)) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (the "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any interest or penal ties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(B) Subject to the provisions of Section 3(f)(iii)(C), all determinations required to be made under this Section 3(f)(iii), including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's auditors or such other nationally recognized certified public accounting firm reasonably acceptable to the Executive as may be designated by the Company (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any G ross-Up Payment, as determined pursuant to this Section 3(f)(iii), shall be paid by the Company to the Executive within five days of the later of (I) the due date for the payment of any Excise Tax, and (II) the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section

4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by the Company should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event the Company exhausts its remedies pursuant to Section 3(f)(iii)(C) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(C) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than ten business days after the Executive is informed in writing of such claim. The Executive shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that the Company desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 3(f)(iii), the Company shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of the Executive and direct th e

Executive to sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that, if the Company pays such claim and directs the Executive to sue for a refund, the Company shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties) imposed with respect to such payment or with respect to any imputed income in connection with such payment; and, provided further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is cl aimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which the Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(D) If, after the receipt by the Executive of a Gross-Up Payment or payment by the Company of an amount on the Executive's behalf pursuant to Section 3(f)(iii)(C), the Executive becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 3(f)(iii)(C), if applicable) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by the Company of an amount on the Executive's behalf pursuant to Section 3(f)(iii)(C), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of i ts intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(E) Notwithstanding any other provision of this Section 3(f)(iii), the Company may, in its sole discretion, withhold and pay to the Internal Revenue Service or any other applicable taxing authority, for the benefit of the Executive, all or any portion of any Gross-Up Payment, and the Executive hereby consents to such withholding.

(g) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by 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 notice of such 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 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, each of the Executive and the Company agree to execute a mutual general release in favor of the other party, substantially in the form attached hereto as Exhibit A. The payments and provision of benefits to the Executive required by Sections 3(b) and 3(f)(ii) 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, subject to the Company's delivery to the Executive of such release in favor of the Executive. Notwithstanding the foregoing, nothing herein shall be construed to release the Company or the Executive from any obligations that continue following the Executive's date of termination, including without limitation, the Company's obligations under Section 3(f)(iii), the provision of welfare benefits and the indemnification of the Executive as set forth in Section 7(h), and the Executive's obligations under Section 5.

(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 during such three-year period in accordance with the terms of the Severance Plan.

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 t he 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 tangib le 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 e nterprise. 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 busines s 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 enforcemen t 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

With a copy to:

Paul Wessel
Dewey Ballantine LLP
1301 Sixth Avenue
New York, New York 10019

If to the Company at:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: 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. Except as provided in Section 7(i), 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 th e 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 Operating Officer 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) Dispute Resolution/Legal Fees. Except to the extent necessary to enforce the provisions of Section 5 hereof in accordance with Section 5(g), any disputes under this Agreement shall be settled by arbitration in Manhattan in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The Executive shall be entitled to reimbursement for reasonable attorneys' fees and expenses incurred in connection with any such arbitration, provided that the Executive prevails on at least one material claim that is the subject of 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) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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 CAP. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans as defined in Section 2(b) or the plans referred to in Section 2(c). 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.

(m) 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.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Bruce J. Klatsky
Name:
Title:

/s/ Emanuel Chirico
Emanuel Chirico

EXHIBIT A

RELEASE

1. **TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT** EMANUEL CHIRICO (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the amounts paid as severance as set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PHILLIPS-VAN HEUSEN CORPORATION, dated as of ___________, 2005 (as the same may have been heretofore amended, the "Agreement") and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, hereby irrevocably, unconditionally, generally and forever releases and discharges Phillips-Van Heusen Corporation, together with its current and former subsidiaries (the "Company"), each of its current and former officers, directors, employees, agents, representatives and advisors and their respectiv e 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 specifically that prohibit discrimination based upon age, race, religion, gender, national origi n, 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, the Family and Medical Leave Act of 1993, 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 terminat ion 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 by the Company of Section [3(b)][3(f)(ii) and (iii)], 5(e) or 7(h) of the Agreement or the "CAP Agreement" or "EBP" (as such terms are defined in the Agreement) or any plan or program of the type referred to in Sections 2(b) and 2(c) of the Agreement in which the Releasor was a participant.

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. 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, o r 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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not 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 Phillips-Van Heusen Corporation 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 Phillips-Van Heusen Corporation, 200 Madison Avenue, Ne w 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.

2. Company's Release. TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT, for and in consideration of the obligations upon the Releasor as set forth in the Agreement, and for other good and valuable consideration, the Company hereby (on its own behalf and that of its affiliates, divisions and predecessors and successors and the directors and officers of the Company in their capacity as such (collectively, the "Releasing Entities")) releases the Releasor and his heirs, executors, successors and assigns (the "Executive Released Parties") of and from all debts, obligations, promises, covenants, collective bargaining obligations, agreements, contracts, endorsements, bonds, controversies, suits, claims or causes of every kind and nature whatsoever, arising out of, or related to, his employment with the Company and its affiliates, his separation fr om employment with the Company and its affiliates or derivative of the Releasor's employment, which the Releasing Entities now have or may have against the Executive Released Parties, whether known or unknown, by reason of facts which have occurred on or prior to the date that the Company has signed this Release; provided, however, that nothing contained in this Release shall release the Executive Released Parties from any claim or form of liability arising out

of acts or omissions by the Releasor which constitute a violation of the criminal or securities laws of any applicable jurisdiction or for which the Releasor would not be indemnified under applicable law. Notwithstanding anything else herein to the contrary, this Release shall not affect the obligations of the Releasor set forth in the Agreement or any other obligations that by their terms are to be performed after the date hereof by the Releasor.

3. No Amendment. This Release shall not be amended, supplemented or otherwise modified in any way except in a writing signed by the Releasor and Phillips-Van Heusen Corporation.

4. Governing Law. 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 conflict of laws.

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

Emanuel Chirico

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

Notary Public

Exhibit 10.31

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of March 4, 2003, between PVH WHOLESALE CORP., a Delaware corporation ("PVH" and, together with its affiliates, including, without limitation, its parent corporation, Phillips-Van Heusen Corporation ("PVH"), the "Company"), and ALLEN SIRKIN (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to retain Executive on a full-time basis in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be so employed by the Company.

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

1. Employment.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, 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, and with or without notice. The period commencing on the date hereof and ending on the effective date of the termination of the Executive’s employment is hereinafter referred to as the "Employment Period."

(b) Position. The Executive shall serve as Vice Chairman, Dress Shirts or in such other position or positions as the Company’s Chief Executive Officer or Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise) may designate from time to time. The Executive shall (i) perform such duties and services as shall from time to time be assigned to him, (ii) devote all of his business time to the services required of him hereunder and (iii) use his best efforts, judgment, skill and energy to perform such duties and services. As used in this Section 1, "business time" shall be determined in accordance with the usual and customary standards of the Company.

2. Compensation.

(a) Base Salary. The Company shall pay the Executive a salary at the annual rate of $750,000 ("Base Salary"), payable in accordance with the normal payroll procedures of the Company in effect from time to time. The Company or the Board of Directors may from time to time, in its sole and absolute discretion, increase or decrease the Base Salary by any amount it determines to be appropriate.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock option plans and other incentive compensation programs (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer and/or the Board of Directors, 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 Exe cutive) in the Chief Executive Officer's or Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board of Directors from amending or terminating any and all Plans in its sole and absolute discretion. 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 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 of Directors from amending or terminating any such plan in its sole and absolute discretion. 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.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). 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), and (ii) all unreimbursed expenses, subject to Section 2(d). 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. For purposes of this Agreement, "Cause" shall be defined as (1) gross negligence in the performance of the material responsibilities of the Executive's office or position; (2) gross misconduct in the

performance of the material responsibilities of the Executive's office or position, including, without limitation, malfeasance relating to the Company and/or vendor and customer accounts and insubordination; (3) material failure or refusal by the Executive to perform his core job duties, as such may be reasonably assigned to him from time to time, other than by reason of his death or disability or other acts or omissions constituting material neglect or dereliction of his such duties; (4) the conviction of the Executive by a court of competent jurisdiction (and after all appeal procedures have been exhausted or have expired) of, or the entry of a plea of guilty or *nolo contendere* by the Executive to a charge of, the commission of a crime that constitutes a felony under federal or state law or the equivalent under foreign law; (5) the Executive's embezzlement or intentional misappropriati on of any property of the Company; (6) the Executive having 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); (7) fraud, dishonesty or other acts or omissions by the Executive that constitute a willful breach of his fiduciary duty to the Company; or (8) the happening of any other event which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting. The Executive shall be given notice of the termination of his employment for Cause under this Section 3(a). If the Executive shall be terminated pursuant to clause (1), (2) or (3) of this Section 3(a), the Executive shall be given a reasonable period of time, not to exceed 30 days, to correct the underlying act or omission. In all other cases, termination shall be effective as of the date notice is given.

(b) Termination without Cause by the Company. The Company may also terminate the Executive's employment under this Agreement at any time without Cause. The voluntary resignation of the Executive shall not for any reason be treated as a termination of employment by the Company without Cause, even if the Executive's stated reason for resignation is a material change in the terms or conditions of his employment as in effect at that time, except as otherwise provided in Section 3(f)(ii). If the Company terminates the Executive's services without Cause, other than during the two-year period following a Change in Control (as hereinafter defined), the Executive shall be entitled to receive from the Company (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 Sect ion 2(d), and (iii) an aggregate amount (the "Severance Amount") equal to the greater of (x) two weeks' salary for each consecutive year of employment with the Company immediately prior to such a termination and (y) the severance payable under the Company's Severance Policy, as then in effect; provided, however, that in no event shall the Severance Amount be less than the Base Salary then in effect. In addition, if the Company terminates the Executive's employment hereunder without Cause, then the Company shall also provide to the Executive during the period over which the Severance Amount is paid, medical and dental insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical and dental 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 se ntence shall terminate to the extent the Executive obtains comparable medical and dental 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. The Severance Amount shall be based upon the Base Salary then in effect. The Severance Amount shall be payable in substantially equal payments on the same schedule as Base Salary was paid immediately prior to termination. For purposes of this Section 3(b), the Executive shall be deemed to accrue a year of employment with the Company on each anniversary of his date of hire and, with respect to his last year of employment, if at least six months have passed since the last such anniversary date. 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.

(c) Termination by Voluntary Resignation by the Executive. The Executive may terminate his employment with the Company at any time by voluntary resignation. Upon such termination, except as otherwise provided in Section 3(f)(ii), 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation. The Company shall continue to pay the Executive his Base Salary during such 90-day period. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of such 90-day peri od. 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 120 consecutive days or for shorter periods aggregating 120 days in any 12-month period. If the Executive’s employment is so terminated by the Company, 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(f) Termination Subsequent to a Change in Control.

(i) For purposes of this Agreement:

(A) A "Change in Control" shall be deemed to occur upon:

(1) the election of one or more individuals to the Board of Directors, which election results in one-third or more of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by at least three-fourths of the directors of PVH who have been directors of PVH for at least two years;

(2) the sale by PVH of all or substantially all of its assets (or the assets of the PVH subsidiary employing the Executive) to any individual or unaffiliated partnership, limited liability company or other entity (each, a "Person"), the consolidation of PVH (or the PVH subsidiary employing the Executive) with any Person, the merger of PVH (or the PVH subsidiary employing the Executive) with any Person as a result of which merger PVH (or the PVH subsidiary employing the Executive) is not the surviving entity (in the case of PVH, as a publicly held corporation), unless such sale has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction;

(3) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction; or

(4) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-half, of the shares of PVH having voting power for the election of directors.

(B) "Continuing Director" means any director of PVH on the date hereof and any director of PVH whose election to the Board of Directors of PVH was recommended or approved by at least three-fourths of the directors of PVH serving at the time of such recommendation or approval and in all events shall exclude any director who was elected as a result of the solicitation of proxies by any Person other than the Board of Directors of PVH.

(C) "Successor Board" means a Board of Directors of PVH at least three-quarters of which is composed of Continuing Directors.

(D) "Good Reason" means

(1) a material reduction in the Executive's duties without his consent;

(2) a reduction of the Executive's Base Salary as in effect immediately before the Change in Control by more than 10% or the elimination of all Plans (without a commensurate increase in Base Salary or replacement by new Plans) or the reduction of the compensation under the Plans (including any new or replacement Plans) such that the Executive's potential total compensation (i.e., Base Salary, cash bonuses, stock awards, stock options and other compensation) is reduced by more than 10% of his potential total compensation (assuming all performance criteria are satisfied and awards are paid at their maximum level) before the Change in Control;

(3) a material reduction relative to all other senior executives in the medical, life, disability and other benefits made available to the Executive pursuant to Section 2(c); and

(4) a material diminution relative to all other senior executives in the Executive's status or working conditions or any other action that impairs substantially the Executive's status relative to all other senior executives.

(E) "Parachute Indemnity Amount" shall mean the amount determined with respect to the Executive as follows:

(1) There shall first be determined, after giving effect to the payment of the Executive's Primary Benefit (as hereinafter defined) and all other compensation and benefits paid to the Executive under any plans of or agreements with the Company, but not to the Executive's Secondary Benefit, the aggregate of the Executive's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Internal Revenue Code of 1986, as amended.

(2) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Internal Revenue Code of 1986, as amended.

(3) The amount determined in accordance with the provisions of clause (2) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus the Executive's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate.

(ii) Upon the voluntary termination of employment with the Company by the Executive for Good Reason within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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) and (C) an aggregate amount equal to the sum of (x) (the "Primary Benefit") equal to the pr oduct of (1) two and (2) the average annual cash compensation, including salary and bonuses, paid to and/or

accrued with respect to the Executive during the two-year period preceding the date of such termination, or such portion of said period as the Executive shall have been employed by the Company, and (y) an amount (the "Secondary Benefit") equal to the Executive's Parachute Indemnity Amount. Upon the voluntary termination of employment with the Company for Good Reason by the Executive within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide to the Executive, for a period of two consecutive year s 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 on the occurrence of such Change in Control, whichever is greater; <u>provided</u>, <u>however</u>, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and 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 three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 3(f)(ii) by seeking employment or otherwise, nor shall the amount of any payment provided for herein be reduced by any compensation or retirement benefits heretofore or hereafter earned by the Executive as the result of employment by any other Person, except as provided in the <u>proviso</u> to the immediately preceding sentence. For the avoidance of doubt, 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.

4. <u>Effect of Termination</u>. 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, in advance of, and as a condition to, the payment thereof, execute a release in favor of the Company, substantially in the form of <u>Exhibit A</u> 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 a nd 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 any Plan. 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)).

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) 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 opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed. The Executive further agrees that following the termination of the Employment Period for whatever reason, (i) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (ii) 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, 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 oper ating divisions of the Company in which the Executive has worked in terms of channel(s) 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-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.

(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 senior management of the Company shall not make any derogatory comment concerning the Executive.

(e) Blue Pencilling. 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.

(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.

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. 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 assets. The merger or consolidation of the Company into or with any other Person or any other transaction involving a change of control of the Company shall not constitute an assignment of this Agreement by the Company.

(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:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Vice President – Human Resources

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.

(h) Indemnification. The Company shall indemnify the Executive and hold the Executive harmless from and against any claim, loss or cause of action arising from or out of the Executive’s performance as an officer, director or employee of the Company or in any other capacity, including any fiduciary capacity, in which the Executive serves at the request of the Company to the maximum extent permitted by applicable law; provided, however, that the Executive shall not be entitled to indemnification hereunder with respect to any expense, loss, liability or damage which was caused by the Executive’s own gross negligence, willful misconduct or reckless disregard of his duties hereunder. The Company shall pay any and all reasonable legal fees incurred by the Executive in the defense of any such claim on a current basis, provided that the Executive agrees in writing to reimburse the Company for any fees that it is determined the Executive is not entitled to have paid by the Company. The Company shall have the right to select counsel reasonably acceptable to the Executive to defend such claim and to have the same counsel represent the Company and its officers and directors unless there is a material conflict of interest between the Company and the Executive, in which case the Executive may select and retain his own counsel at the Company’s expense. The Executive shall not settle any action or claim against the Executive without the prior written consent of the Company, except at the Executive’s sole cost and expense.

(i) 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.

(j) 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.

(k) Waiver of Jury Trial. The Company and the Executive hereby waive, as against the other, trial by jury in any judicial proceeding to which they are both parties involving, directly or indirectly, any matter in any way arising out of, related to or connected with this Agreement.

(l) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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 Agreement, dated as of February 12, 1987, between the Company and the Executive, as amended, relating to the Company's Capital Accumulation Program, the terms and conditions of which shall not be affected hereby. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans or the plans referred to in Section l(c) except as specifically provided in the preceding sentence. 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 E xecutive 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.

(m) 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 WHOLESALE CORP.

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
Title: Chairman and Chief Executive Officer

/s/ Allen Sirkin
Allen Sirkin

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT ALLEN SIRKIN (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the payments set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PVH WHOLESALE CORP., dated as of March 4, 2003 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges PVH Wholesale Corp. (together with its current and former affiliates, including, without limitation, its parent corporation, Phillips-Van Heusen Corporation, the "Company"), each of its 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 specifically that prohibit discrimination based upon age, race, religion, gender, national origin, disability, sexual orientation or any other unlawful bas es, 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 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, tortuous 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)(ii)], 5(d) or 7(h) 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.

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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not already entitled.

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 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 Releasor elects to sign and return to Phillips-Van Heusen Corporation a copy of this Release, 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 Phillips-Van Heusen Corporation, 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 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 Phillips-Van Heusen Corporation.

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__.

Allen Sirkin

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

Notary Public

Exhibit 10.32

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of March 4, 2003, between PVH WHOLESALE CORP., a Delaware corporation (together with its affiliates, including, without limitation, its parent corporation, Phillips-Van Heusen Corporation ("PVH"), the "Company"), and FRANCIS K. DUANE (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to retain Executive on a full-time basis in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be so employed by the Company.

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

1. Employment.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, 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, and with or without notice. The period commencing on the date hereof and ending on the effective date of the termination of the Executive's employment is hereinafter referred to as the "Employment Period."

(b) Position. The Executive shall serve as Vice Chairman, Sportswear or in such other position or positions as the Company's Chief Executive Officer or Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise) may designate from time to time. The Executive shall (i) perform such duties and services as shall from time to time be assigned to him, (ii) devote all of his business time to the services required of him hereunder and (iii) use his best efforts, judgment, skill and energy to perform such duties and services. As used in this Section 1, "business time" shall be determined in accordance with the usual and customary standards of the Company.

2. Compensation.

(a) Base Salary. The Company shall pay the Executive a salary at the annual rate of $700,000 ("Base Salary"), payable in accordance with the normal payroll procedures of the Company in effect from time to time. The Company or the Board of Directors may from time to time, in its sole and absolute discretion, increase or decrease the Base Salary by any amount it determines to be appropriate.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock option plans and other incentive compensation programs (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer and/or the Board of Directors, 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 Exe cutive) in the Chief Executive Officer's or Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board of Directors from amending or terminating any and all Plans in its sole and absolute discretion. 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 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 of Directors from amending or terminating any such plan in its sole and absolute discretion. 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.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). 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), and (ii) all unreimbursed expenses, subject to Section 2(d). 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. For purposes of this Agreement, "Cause" shall be defined as (1) gross negligence in the performance of the material responsibilities of the Executive's office or position; (2) gross misconduct in the

performance of the material responsibilities of the Executive's office or position, including, without limitation, malfeasance relating to the Company and/or vendor and customer accounts and insubordination; (3) material failure or refusal by the Executive to perform his core job duties, as such may be reasonably assigned to him from time to time, other than by reason of his death or disability, or other acts or omissions constituting material neglect or dereliction of his such duties; (4) the conviction of the Executive by a court of competent jurisdiction (and after all appeal procedures have been exhausted or have expired) of, or the entry of a plea of guilty or *nolo contendere* by the Executive to a charge of, the commission of a crime that constitutes a felony under federal or state law or the equivalent under foreign law; (5) the Executive's embezzlement or intentional misappropriat ion of any property of the Company; (6) the Executive having 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); (7) fraud, dishonesty or other acts or omissions by the Executive that constitute a willful breach of his fiduciary duty to the Company; or (8) the happening of any other event which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting. The Executive shall be given notice of the termination of his employment for Cause under this Section 3(a). If the Executive shall be terminated pursuant to clause (1), (2) or (3) of this Section 3(a), the Executive shall be given a reasonable period of time, not to exceed 30 days, to correct the underlying act or omission. In all other cases, termination shall be effective as of the date notice is given.

(b) Termination without Cause by the Company. The Company may also terminate the Executive's employment under this Agreement at any time without Cause. The voluntary resignation of the Executive shall not for any reason be treated as a termination of employment by the Company without Cause, even if the Executive's stated reason for resignation is a material change in the terms or conditions of his employment as in effect at that time, except as otherwise provided in Section 3(f)(ii). If the Company terminates the Executive's services without Cause, other than during the two-year period following a Change in Control (as hereinafter defined), the Executive shall be entitled to receive from the Company (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 Sect ion 2(d), and (iii) an aggregate amount (the "Severance Amount") equal to the greater of (x) two weeks' salary for each consecutive year of employment with the Company immediately prior to such a termination and (y) the severance payable under the Company's Severance Policy, as then in effect; provided, however, that in no event shall the Severance Amount be less than the Base Salary then in effect. In addition, if the Company terminates the Executive's employment hereunder without Cause, then the Company shall also provide to the Executive during the period over which the Severance Amount is paid, medical and dental insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical and dental 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 and dental 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. The Severance Amount shall be based upon the Base Salary then in effect. The Severance Amount shall be payable in substantially equal payments on the same schedule as Base Salary was paid immediately prior to termination. For purposes of this Section 3(b), the Executive shall be deemed to accrue a year of employment with the Company on each anniversary of his date of hire and, with respect to his last year of employment, if at least six months have passed since the last such anniversary date. 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.

(c) Termination by Voluntary Resignation by the Executive. The Executive may terminate his employment with the Company at any time by voluntary resignation. Upon such termination, except as otherwise provided in Section 3(f)(ii), 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation. The Company shall continue to pay the Executive his Base Salary during such 90-day period. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of such 90-day peri od. 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 120 consecutive days or for shorter periods aggregating 120 days in any 12-month period. If the Executive’s employment is so terminated by the Company, 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(f) Termination Subsequent to a Change in Control.

(i) For purposes of this Agreement:

(A) A "Change in Control" shall be deemed to occur upon:

(1) the election of one or more individuals to the Board of Directors, which election results in one-third or more of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by at least three-fourths of the directors of PVH who have been directors of PVH for at least two years;

(2) the sale by PVH of all or substantially all of its assets (or the assets of the PVH subsidiary employing the Executive) to any individual or unaffiliated partnership, limited liability company or other entity (each, a "Person"), the consolidation of PVH (or the PVH subsidiary employing the Executive) with any Person, the merger of PVH (or the PVH subsidiary employing the Executive) with any Person as a result of which merger PVH (or the PVH subsidiary employing the Executive) is not the surviving entity (in the case of PVH, as a publicly held corporation), unless such sale has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction;

(3) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction; or

(4) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-half, of the shares of PVH having voting power for the election of directors.

(B) "Continuing Director" means any director of PVH on the date hereof and any director of PVH whose election to the Board of Directors of PVH was recommended or approved by at least three-fourths of the directors of PVH serving at the time of such recommendation or approval and in all events shall exclude any director who was elected as a result of the solicitation of proxies by any Person other than the Board of Directors of PVH.

(C) "Successor Board" means a Board of Directors of PVH at least three-quarters of which is composed of Continuing Directors.

(D) "Good Reason" means

(1) a material reduction in the Executive's duties without his consent;

(2) a reduction of the Executive's Base Salary as in effect immediately before the Change in Control by more than 10% or the elimination of all Plans (without a commensurate increase in Base Salary or replacement by new Plans) or the reduction of the compensation under the Plans (including any new or replacement Plans) such that the Executive's potential total compensation (i.e., Base Salary, cash bonuses, stock awards, stock options and other compensation) is reduced by more than 10% of his potential total compensation (assuming all performance criteria are satisfied and awards are paid at their maximum level) before the Change in Control;

(3) a material reduction relative to all other senior executives in the medical, life, disability and other benefits made available to the Executive pursuant to Section 2(c); and

(4) a material diminution relative to all other senior executives in the Executive's status or working conditions or any other action that impairs substantially the Executive's status relative to all other senior executives.

(E) "Parachute Indemnity Amount" shall mean the amount determined with respect to the Executive as follows:

(1) There shall first be determined, after giving effect to the payment of the Executive's Primary Benefit (as hereinafter defined) and all other compensation and benefits paid to the Executive under any plans of or agreements with the Company, but not to the Executive's Secondary Benefit, the aggregate of the Executive's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Internal Revenue Code of 1986, as amended.

(2) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Internal Revenue Code of 1986, as amended.

(3) The amount determined in accordance with the provisions of clause (2) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus the Executive's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate.

(ii) Upon the voluntary termination of employment with the Company by the Executive for Good Reason within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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) and (C) an aggregate amount equal to the sum of (x) (the "Primary Benefit") equal to the pr oduct of (1) two and (2) the average annual cash compensation, including salary and bonuses, paid to and/or

accrued with respect to the Executive during the two-year period preceding the date of such termination, or such portion of said period as the Executive shall have been employed by the Company, and (y) an amount (the "Secondary Benefit") equal to the Executive's Parachute Indemnity Amount. Upon the voluntary termination of employment with the Company for Good Reason by the Executive within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide to the Executive, for a period of two consecutive year s 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 on the occurrence of such Change in Control, whichever is greater; provided, however, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and 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 three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 3(f)(ii) by seeking employment or otherwise, nor shall the amount of any payment provided for herein be reduced by any compensation or retirement benefits heretofore or hereafter earned by the Executive as the result of employment by any other Person, except as provided in the proviso to the immediately preceding sentence. For the avoidance of doubt, 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.

4. Effect of Termination. The Severance Amount payable to the Executive pursuant to Section 3(b) 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). The Severance Amount shall constitute liquidated damages with respect to any and all such rights and claims. In consideration of the Executive’s receipt of the Severance Amount, the Executive shall, in advance of, and as a condition to, the payment thereof, 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 Agr eement 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 any Plan. 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)).

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) 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 opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed. The Executive further agrees that following the termination of the Employment Period for whatever reason, (i) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (ii) 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, 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 oper ating divisions of the Company in which the Executive has worked in terms of channel(s) 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-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.

(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 senior management of the Company shall not make any derogatory comment concerning the Executive.

(e) Blue Pencilling. 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.

(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.

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. 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 assets. The merger or consolidation of the Company into or with any other Person or any other transaction involving a change of control of the Company shall not constitute an assignment of this Agreement by the Company.

(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:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Vice President – Human Resources

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.

(h) Indemnification. The Company shall indemnify the Executive and hold the Executive harmless from and against any claim, loss or cause of action arising from or out of the Executive’s performance as an officer, director or employee of the Company or in any other capacity, including any fiduciary capacity, in which the Executive serves at the request of the Company to the maximum extent permitted by applicable law; provided, however, that the Executive shall not be entitled to indemnification hereunder with respect to any expense, loss, liability or damage which was caused by the Executive’s own gross negligence, willful misconduct or reckless disregard of his duties hereunder. The Company shall pay any and all reasonable legal fees incurred by the Executive in the defense of any such claim on a current basis, provided that the Executive agrees in writing to reimburse the Company for any fees that it is determined the Executive is not entitled to have paid by the Company. The Company shall have the right to select counsel reasonably acceptable to the Executive to defend such claim and to have the same counsel represent the Company and its officers and directors unless there is a material conflict of interest between the Company and the Executive, in which case the Executive may select and retain his own counsel at the Company’s expense. The Executive shall not settle any action or claim against the Executive without the prior written consent of the Company, except at the Executive’s sole cost and expense.

(i) 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.

(j) 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.

(k) Waiver of Jury Trial. The Company and the Executive hereby waive, as against the other, trial by jury in any judicial proceeding to which they are both parties involving, directly or indirectly, any matter in any way arising out of, related to or connected with this Agreement.

(l) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans or the plans referred to in Section l(c). 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.

(m) 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 WHOLESALE CORP.

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
Title: Chairman and Chief Executive Officer

/s/ Francis K. Duane
Francis K. Duane

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT FRANCIS K. DUANE (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PVH WHOLESALE CORP., dated as of March 4, 2003 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges PVH Wholesale Corp. (together with its current and former affiliates, including, without limitation, its parent corporation, Phillips-Van Heusen Corporation, the "Company"), each of its current and former officers, directors, employees, agents, representatives and advisors and their respective heirs, executors, administrators, legal representatives, recei vers, 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 specifically that prohibit discrimination based upon age, race, religion, gender, national origin, disability, sexual orientation or any other unlawful bases, i ncluding, 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 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, tortuous or harassing conduct, infliction of mental or emotional distress, fraud, libel or slander; and (v) for damages, including, wit hout 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)(ii)], 5(d) or 7(h) 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.

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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not already entitled.

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 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 Releasor elects to sign and return to Phillips-Van Heusen Corporation a copy of this Release, 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 Phillips-Van Heusen Corporation, 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 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 Phillips-Van Heusen Corporation.

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__.

Francis K. Duane

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

Notary Public

Exhibit 10.33

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of March 4, 2003, between PHILLIPS-VAN HEUSEN CORPORATION, a Delaware corporation ("PVH" and, together with its subsidiaries, the "Company"), and MICHAEL ZACCARO (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to retain Executive on a full-time basis in accordance with the terms set forth herein; and

WHEREAS, the Executive desires to be so employed by the Company.

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

1. Employment.

(a) Employment. The Company agrees to employ the Executive, and the Executive agrees to be employed by the Company, 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, and with or without notice. The period commencing on the date hereof and ending on the effective date of the termination of the Executive's employment is hereinafter referred to as the "Employment Period."

(b) Position. The Executive shall serve as Vice Chairman, Retail Apparel or in such other position or positions as the Company's Chief Executive Officer or Board of Directors (which, for purposes of this Agreement, includes any committee thereof, unless the context requires otherwise) may designate from time to time. The Executive shall (i) perform such duties and services as shall from time to time be assigned to him, (ii) devote all of his business time to the services required of him hereunder and (iii) use his best efforts, judgment, skill and energy to perform such duties and services. As used in this Section 1, "business time" shall be determined in accordance with the usual and customary standards of the Company.

2. Compensation.

(a) Base Salary. The Company shall pay the Executive a salary at the annual rate of $600,000 ("Base Salary"), payable in accordance with the normal payroll procedures of the Company in effect from time to time. The Company or the Board of Directors may from time to time, in its sole and absolute discretion, increase or decrease the Base Salary by any amount it determines to be appropriate.

(b) Incentive and Bonus Compensation. The Executive shall be eligible to participate in the Company's existing and future bonus and stock option plans and other incentive compensation programs (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. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under any Plan. To the extent the Executive does participate in a Plan and the Plan does not expressly provide otherwise, the Chief Executive Officer and/or the Board of Directors, 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 Exe cutive) in the Chief Executive Officer's or Board's sole and absolute discretion. Nothing herein shall be deemed to prohibit the Company or the Board of Directors from amending or terminating any and all Plans in its sole and absolute discretion. 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 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 of Directors from amending or terminating any such plan in its sole and absolute discretion. 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.

3. Termination of Employment. The Executive's employment hereunder shall terminate, or shall be subject to termination at any time, as follows:

(a) Termination for Cause by the Company. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined below). 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), and (ii) all unreimbursed expenses, subject to Section 2(d). 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. For purposes of this Agreement, "Cause" shall be defined as (1) gross negligence in the performance of the material responsibilities of the Executive's office or position; (2) gross misconduct in the performance of the material responsibilities of the Exe cutive's office or position, including, without limitation, malfeasance relating to the Company and/or vendor and customer accounts and insubordination; (3) material failure or refusal by the Executive to perform his core job duties, as such may be reasonably assigned to him from time to time, other than by reason of his death or disability or other acts or omissions constituting material neglect or dereliction of his such duties; (4) the conviction of the Executive by a court of competent jurisdiction (and after all appeal procedures have been exhausted or have expired) of, or the entry of a plea of guilty or *nolo contendere* by the Executive to a charge of, the commission of a crime that constitutes a felony under federal or state law or the equivalent under foreign law; (5) the Executive's embezzlement or intentional misappropriation of any property of the Company; (6) the Executive having divulged, furnished or made accessible t o 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); (7) fraud, dishonesty or other acts or omissions by the Executive that constitute a willful breach of his fiduciary duty to the Company; or (8) the happening of any other event which, under the provisions of applicable law, disqualifies the Executive from acting in any or all capacities in which he is then acting. The Executive shall be given notice of the termination of his employment for Cause under this Section 3(a). If the Executive shall be terminated pursuant to clause (1), (2) or (3) of this Section 3(a), the Executive shall be given a reasonable period of time, not to exceed 30 days, to correct the underlying act or omission. In all other cases, termination shall be effective as of the date notice is given.

(b) Termination without Cause by the Company. The Company may also terminate the Executive's employment under this Agreement at any time without Cause. The voluntary resignation of the Executive shall not for any reason be treated as a termination of employment by the Company without Cause, even if the Executive's stated reason for resignation is a material change in the terms or conditions of his employment as in effect at that time, except as otherwise provided in Section 3(f)(ii). If the Company terminates the Executive's services without Cause, other than during the two-year period following a Change in Control (as hereinafter defined), the Executive shall be entitled to receive from the Company (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 Sect ion 2(d), and (iii) an aggregate amount (the "Severance Amount") equal to the greater of (x) two weeks' salary for each consecutive year of employment with the Company immediately prior to such a termination and (y) the severance payable under the Company's Severance Policy, as then in effect; provided, however, that in no event shall the Severance Amount be less than the Base Salary then in effect. In addition, if the Company terminates the Executive's employment hereunder without Cause, then the Company shall also provide to the Executive during the period over which the Severance Amount is paid, medical and dental insurance coverage for the Executive and the members of his family which is not less favorable to the Executive than the group medical and dental 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 and dental 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. The Severance Amount shall be based upon the Base Salary then in effect. The Severance Amount shall be payable in substantially equal payments on the same schedule as Base Salary was paid immediately prior to termination. For purposes of this Section 3(b), the Executive shall be deemed to accrue a year of employment with the Company on each anniversary of his date of hire and, with respect to his last year of employment, if at least six months have passed since the last such anniversary date. 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.

(c) Termination by Voluntary Resignation by the Executive. The Executive may terminate his employment with the Company at any time by voluntary resignation. Upon such termination, except as otherwise provided in Section 3(f)(ii), 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d). Notwithstanding the foregoing, the Executive shall provide no less than 90 days' prior written notice of the effective date of his resignation. The Company shall continue to pay the Executive his Base Salary during such 90-day period. The Executive acknowledges and agrees that the Company may elect to place the Executive on paid leave for all or any part of such 90-day peri od. 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 120 consecutive days or for shorter periods aggregating 120 days in any 12-month period. If the Executive’s employment is so terminated by the Company, 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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(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), and (ii) all unreimbursed expenses (if any), subject to Section 2(d).

(f) Termination Subsequent to a Change in Control.

(i) For purposes of this Agreement:

(A) A "Change in Control" shall be deemed to occur upon:

(1) the election of one or more individuals to the Board of Directors, which election results in one-third or more of the directors of PVH consisting of individuals who have not been directors of PVH for at least two years, unless such individuals have been elected as directors or nominated for election as directors by at least three-fourths of the directors of PVH who have been directors of PVH for at least two years;

(2) the sale by PVH of all or substantially all of its assets (or the assets of the PVH subsidiary employing the Executive) to any individual or unaffiliated partnership, limited liability company or other entity (each, a "Person"), the consolidation of PVH (or the PVH subsidiary employing the Executive) with any Person, the merger of PVH (or the PVH subsidiary employing the Executive) with any Person as a result of which merger PVH (or the PVH subsidiary employing the Executive) is not the surviving entity (in the case of PVH, as a publicly held corporation), unless such sale has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction;

(3) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-fourth, but less than one-half, of the shares of PVH having voting power for the election of directors, unless such sale or transfer has been approved in advance by at least three-fourths of the directors of PVH on the date hereof or by a Successor Board, provided that at least three-fourths of the Continuing Directors on such Successor Board approve such transaction; or

(4) the sale or transfer of shares of PVH by PVH and/or any one or more of its stockholders, in one or more transactions, related or unrelated, to one or more Persons under circumstances whereby any Person and its affiliates (as defined in the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall own, after such sales and transfers, at least one-half, of the shares of PVH having voting power for the election of directors.

(B) "Continuing Director" means any director of PVH on the date hereof and any director of PVH whose election to the Board of Directors of PVH was recommended or approved by at least three-fourths of the directors of PVH serving at the time of such recommendation or approval and in all events shall exclude any director who was elected as a result of the solicitation of proxies by any Person other than the Board of Directors of PVH.

(C) "Successor Board" means a Board of Directors of PVH at least three-quarters of which is composed of Continuing Directors.

(D) "Good Reason" means

(1) a material reduction in the Executive's duties without his consent;

(2) a reduction of the Executive's Base Salary as in effect immediately before the Change in Control by more than 10% or the elimination of all Plans (without a commensurate increase in Base Salary or replacement by new Plans) or the reduction of the compensation under the Plans (including any new or replacement Plans) such that the Executive's potential total compensation (i.e., Base Salary, cash bonuses, stock awards, stock options and other compensation) is reduced by more than 10% of his potential total compensation (assuming all performance criteria are satisfied and awards are paid at their maximum level) before the Change in Control;

(3) a material reduction relative to all other senior executives in the medical, life, disability and other benefits made available to the Executive pursuant to Section 2(c); and

(4) a material diminution relative to all other senior executives in the Executive's status or working conditions or any other action that impairs substantially the Executive's status relative to all other senior executives.

(E) "Parachute Indemnity Amount" shall mean the amount determined with respect to the Executive as follows:

(1) There shall first be determined, after giving effect to the payment of the Executive's Primary Benefit (as hereinafter defined) and all other compensation and benefits paid to the Executive under any plans of or agreements with the Company, but not to the Executive's Secondary Benefit, the aggregate of the Executive's "excess parachute" payments within the contemplation of section 280G(b)(1) of the Internal Revenue Code of 1986, as amended.

(2) There shall then be determined the amount of the aggregate taxes imposed upon such "excess parachute payments" by the provisions of section 4999(a) of the Internal Revenue Code of 1986, as amended.

(3) The amount determined in accordance with the provisions of clause (2) shall then be multiplied by the fraction the numerator of which shall be one and the denominator of which shall be one minus the Executive's Effective Marginal Tax Rate with respect to the calendar year in which his employment by the Company shall terminate.

(ii) Upon the voluntary termination of employment with the Company by the Executive for Good Reason within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall pay to the Executive, in a lump sum immediately subsequent to the date of such termination, (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) and (C) an aggregate amount equal to the sum of (x) (the "Primary Benefit") equal to the pr oduct of (1) two and (2) the average annual cash compensation, including salary and bonuses, paid to and/or

accrued with respect to the Executive during the two-year period preceding the date of such termination, or such portion of said period as the Executive shall have been employed by the Company, and (y) an amount (the "Secondary Benefit") equal to the Executive's Parachute Indemnity Amount. Upon the voluntary termination of employment with the Company for Good Reason by the Executive within two years after the occurrence of a Change in Control, or upon the involuntary termination of employment with the Company of the Executive for any reason other than death, disability or Cause within two years after the occurrence of a Change in Control, PVH (or the then-former PVH subsidiary employing the Executive), or the consolidated, surviving or transferee Person in the event of a consolidation, merger or sale of assets, shall also provide to the Executive, for a period of two consecutive year s 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 on the occurrence of such Change in Control, whichever is greater; provided, however, that the obligations set forth in this sentence shall terminate to the extent the Executive obtains comparable medical, dental, life and 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 three-year period, whether or not any such employment would provide comparable medical, dental, life and disability insurance coverage. The Executive shall not be required to mitigate the amount of any payment provided for in this Section 3(f)(ii) by seeking employment or otherwise, nor shall the amount of any payment provided for herein be reduced by any compensation or retirement benefits heretofore or hereafter earned by the Executive as the result of employment by any other Person, except as provided in the proviso to the immediately preceding sentence. For the avoidance of doubt, 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.

4. Effect of Termination. 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, in advance of, and as a condition to, the payment thereof, 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 a nd 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 any Plan. 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)).

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) 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 opportunity to prevent such disclosure or to receive confidential treatment for the Confidential Information required to be disclosed. The Executive further agrees that following the termination of the Employment Period for whatever reason, (i) the Company shall keep all tangible property assigned to the Executive or prepared by the Executive and (ii) 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, 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 oper ating divisions of the Company in which the Executive has worked in terms of channel(s) 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-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.

(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 senior management of the Company shall not make any derogatory comment concerning the Executive.

(e) Blue Pencilling. 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.

(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.

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. 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 assets. The merger or consolidation of the Company into or with any other Person or any other transaction involving a change of control of the Company shall not constitute an assignment of this Agreement by the Company.

(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:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Chairman

With a copy to:

Phillips-Van Heusen Corporation
200 Madison Avenue
New York, New York 10016
Attention: Vice President – Human Resources

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.

(h) Indemnification. The Company shall indemnify the Executive and hold the Executive harmless from and against any claim, loss or cause of action arising from or out of the Executive's performance as an officer, director or employee of the Company or in any other capacity, including any fiduciary capacity, in which the Executive serves at the request of the Company to the maximum extent permitted by applicable law; provided, however, that the Executive shall not be entitled to indemnification hereunder with respect to any expense, loss, liability or damage which was caused by the Executive's own gross negligence, willful misconduct or reckless disregard of his duties hereunder. The Company shall pay any and all reasonable legal fees incurred by the Executive in the defense of any such claim on a current basis, provided that the Executive agrees in writing to reimburse the Company for any fees that it is determined the Executive is not entitled to have paid by the Company. The Company shall have the right to select counsel reasonably acceptable to the Executive to defend such claim and to have the same counsel represent the Company and its officers and directors unless there is a material conflict of interest between the Company and the Executive, in which case the Executive may select and retain his own counsel at the Company's expense. The Executive shall not settle any action or claim against the Executive without the prior written consent of the Company, except at the Executive's sole cost and expense.

(i) 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.

(j) 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.

(k) Waiver of Jury Trial. The Company and the Executive hereby waive, as against the other, trial by jury in any judicial proceeding to which they are both parties involving, directly or indirectly, any matter in any way arising out of, related to or connected with this Agreement.

(l) Entire Agreement. This Agreement contains the entire understanding, and cancels and supersedes all prior agreements, including 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. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Plans or the plans referred to in Section l(c). 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.

(m) 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.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
Title: Chairman and Chief Executive Officer

/s/ Michael Zaccaro
Michael Zaccaro

RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT MICHAEL ZACCARO (the "Releasor"), on behalf of himself and his heirs, executors, administrators and legal representatives, in consideration of the payments set forth in Section [3(b)] [3(f)(ii)] of the Employment Agreement between the Releasor and PHILLIPS-VAN HEUSEN CORPORATION, dated as of March 4, 2003 (as the same may have been heretofore amended, the "Agreement"), hereby irrevocably, unconditionally, generally and forever releases and discharges Phillips-Van Heusen Corporation (together with its current and former subsidiaries, the "Company"), each of its current and former officers, directors, employees, agents, representatives and advisors and their respective heirs, executors, administrators, legal representatives, receivers, affiliates, beneficial owners, successors and as signs (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 specifically that prohibit discrimination based upon age, race, religion, gender, national origin, disability, sexual orientation or any other unlawful bases, including, without limitation, the Age Discrimination i n 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 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, tortuous 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 f or 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)(ii)], 5(d) or 7(h) 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.

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)(ii)] of the Agreement include benefits, monetary or otherwise, which the Releasor has not earned or accrued, or to which he is not already entitled.

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 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 Releasor elects to sign and return to Phillips-Van Heusen Corporation a copy of this Release, 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 Phillips-Van Heusen Corporation, 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 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 Phillips-Van Heusen Corporation.

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__.

Michael Zaccaro

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

Notary Public

Exhibit 10.35

March 3, 2005

Dear Bruce:

This letter agreement sets forth our mutual understanding relating to your relinquishment of the title of Chief Executive Officer of Phillips-Van Heusen Corporation (the “Company”), the continuation of your employment in the position of Chairman of the Company for a transition period and your ultimate retirement from the Company. We are very pleased that you have decided to continue as an employee to assist in the transition to a new chief executive officer and are thankful for your many years of dedicated service to the Company. This letter agreement constitutes an amendment of the Employment Agreement, dated as of April 12, 2004, between you and the Company (the “Employment Agreement”).

Effective as of June 14, 2005, the date of the 2005 Annual Meeting of the Stockholders of the Company (the “Succession Date”), you will relinquish your title as Chief Executive Officer of the Company. During the period commencing on the Succession Date and ending on the last day of the Company’s 2005 fiscal year (the “Transition Period”), you will continue your service with the Company as an executive employee with the title of Chairman. Subject to your continued service as an employee during the Transition Period, you will (i) continue to receive your annual base salary as in effect on the date hereof, (ii) continue to be eligible to be awarded an annual incentive bonus under the terms of the Company’s Performance Incentive Bonus Plan with respect to the Company’s 2005 fiscal year based on the criteria established by the Compensation Co mmittee of the Board in respect of the 2005 fiscal year and otherwise consistent with Section 2(b)(ii) of the Employment Agreement, (iii) continue to be eligible to receive a long-term incentive award payment with respect to the performance cycle commencing February 2, 2003 and ending on the last day of the Company’s 2005 fiscal year under the Company’s Long Term Incentive Plan based on the criteria established by the Compensation Committee of the Board on April 2, 2003, and (iv) continue to participate in the retirement and welfare benefit plans of the Company on the same basis as you participated immediately prior to the Succession Date and in accordance with Sections 2(b)(v) through (viii) of the Employment Agreement. During the Transition Period, your duties shall consist of assisting the Company and its new chief executive officer and president in the senior management transition.

Effective as of the day immediately following the last day of the Company’s 2005 fiscal year (the “Retirement Date”), you shall retire from your employment with the Company and its affiliates in all capacities and shall no longer be compensated or provided with benefits as an employee, and the Employment Agreement shall terminate except for those provisions that survive in accordance with the terms thereof or hereof. Upon your retirement from the Company on the Retirement Date as set forth in this letter agreement, (i) you shall be entitled to such rights and benefits as are provided in the event of your retirement under the terms of the Employment Agreement, and (ii) you and your current spouse shall continue to be eligible to participate in the Company's medical and dental plans, including the Executive Medical Plan, on the same basis (including the continuation of any employee contribution that your were paying prior to your Retirement Date, subject to any rate adjustments imposed from time to time on active employees carrying the same coverage and in accordance with such other terms as may be in effect from time to time) as you were participating in such plans as of the day prior to the Retirement Date, until such time as you each turn age 65, *provided*, *however*, that if at any time any such plan does not permit you and/or your spouse's continued participation, the Company shall pay you and/or your spouse (if you pre-de cease her and she has not reached age 65), no less frequently than quarterly in advance, an amount which, after taxes, is sufficient for you and/or your spouse, as the case may be, to purchase equivalent benefits.

You hereby acknowledge that your relinquishment of the title of Chief Executive Officer in accordance herewith is entirely voluntary and is being done in connection with your planned retirement. As such, you hereby agree that, notwithstanding anything to the contrary contained in the Employment Agreement, or any other plan of the Company or its affiliates in which you participate or agreement between you and the Company or any of its affiliates, your cessation of service as the Chief Executive Officer and the appointment of a new Chief Executive Officer on the Succession Date shall not constitute "Good Reason," or serve as the basis for a claim of breach or constructive termination, under the Employment Agreement or otherwise. For all purposes of the Employment Agreement and any such other plans or agreements of or with the Company or its affiliates, your termin ation of employment with the Company on the Retirement Date shall be considered a "retirement."

Until the Succession Date, the Employment Agreement shall continue in full force and effect in accordance with its terms, without regard to the terms of this letter agreement. Following the Succession Date and until the Retirement Date, the Employment Agreement shall continue in full force and effect in accordance with its terms, except that (i) all references in the Employment Agreement to Chief Executive Officer shall be deleted and of no further force and effect, and (ii) your right to terminate for Good Reason and receive the payments and benefits under Section 4(a) of the Employment Agreement shall be limited to (A) a failure of the Company to adhere to its commitments regarding your compensation during the Transition Period as set forth in clauses (i) through (iv) of the second paragraph of this letter agreement, (B) the Company removing you from the position of Chairman without your prior written consent (other than for Cause) prior to the last day of the Transition Period, (C) the assignment of duties to you during the Transition Period that are materially inconsistent with your duties as set forth in this letter agreement, or (D) a failure of the Company to require a successor to assume the Employment Agreement (as amended hereby) pursuant to clause (ix) of the definition of Good Reason in the Employment Agreement. In all events, Section 4(d) and Sections 6 through 12 of the Employment Agreement shall survive the termination of the Employment Period (as defined in the Employment Agreement) and the termination of the Employment Agreement.

In addition, the Company hereby clarifies that, following the Succession Date, your service as a consultant, partner or director (and following your Retirement Date, as an employee or officer), of any company or other entity that is a real estate venture or that provides real estate, investment, financial or consulting services shall not be deemed to be a breach of the non-competition restriction in Section 9(b) of your Employment Agreement, *provided* that you do not have responsibility for or involvement in the provision of any advice or services to any business or entity that competes in the same geographic area as the Company with any business actively conducted or actively planned by the Company as of your Succession Date or Retirement Date (as applicable), and, *provided further*, that, during the Transition Period, any such activities do not materially interfere with your duties to the Company. Except for the clarification set forth in the preceding sentence, Section 9 of the Employment Agreement shall continue in full force and effect in accordance with i ts terms.

At all times during the period commencing on the date hereof and ending on the date of the 2006 Annual Meeting of the Stockholders of the Company, you shall continue as a member of the Company's Board and as its Chairman, *provided* that you are re-elected as a director by the Company's stockholders at the Company's 2005 Annual Meeting of Stockholders. During such period, while serving as Chairman of the Board, you shall continue administering the Company's charitable foundation and participating in certain non-governmental organizations, on the same basis as you were administering such foundation and participating in such organizations on behalf of the Company prior to the Succession Date. No commitment is made by you, the Board or any committee thereof as to continuation of your services as an executive of the Company beyond the Retirement Date and as a director of the Company beyond the date of the 2006 Annual Meeting of Stockholders, and the failure to so continue your services shall not trigger any rights under the Employment Agreement or otherwise.

The Board has approved the entering into of this letter agreement and the amendment of the Company's by-laws to permit the separation of the Chairman and Chief Executive Officer positions.

Please confirm by signing below that the above reflects our mutual understanding of the matters set forth herein.

Regards,

/s/ David Landau

David Landau
Chairman of the Compensation Committee

Agreed and acknowledged:

/s/ Bruce J. Klatsky
Bruce J. Klatsky

EXHIBIT 21

PHILLIPS-VAN HEUSEN SUBSIDIARIES

The following table lists all of the subsidiaries of Phillips-Van Heusen Corporation and the jurisdiction of incorporation of each subsidiary. Each subsidiary does business under its corporate name indicated in the table.

Name	**State or Other Jurisdiction of Incorporation**
BassNet, Inc.	Delaware
Calvin Klein, Inc.	New York
Calvin Klein (Europe), Inc.	Delaware
Calvin Klein (Europe II) Corp.	Delaware
Calvin Klein Europe S.r.l	Incorporated in Milan, Italy, domesticated in Delaware
Camisas Modernas, S.A.	Guatemala
Caribe M&I Ltd.	Cayman Islands
C.A.T. Industrial, S.A. de C.V.	Honduras
CD Group Inc.	Delaware
CK Service Corp.	Delaware
Cluett, Peabody & Co., Inc.	Delaware
Cluett Peabody Resources Corporation	Delaware
Confecciones Imperio, S.A.	Costa Rica
G.H. Bass Caribbean LLC	Delaware
G. H. Bass Franchises Inc.	Delaware
GHB (Far East) Limited	Hong Kong
Izod.com Inc.	Delaware
Phillips-Van Heusen (Far East) Ltd.	Hong Kong
Phillips-Van Heusen Puerto Rico LLC	Delaware
PVH CK Stores, Inc.	Delaware
PVH Foreign Holdings Corp.	Delaware
PVH Michigan, Inc.	Delaware
PVH Ohio, Inc.	Delaware
PVH Pennsylvania, Inc.	Delaware
PVH Realty Corp.	Delaware
PVH Retail Corp.	Delaware
PVH Retail Management Company	Delaware
PVH Wholesale Corp.	Delaware
PVH Wholesale New Jersey, Inc.	Delaware
The IZOD Corporation	Pennsylvania

EXHIBIT 23

Consent of Independent Auditors

We consent to the incorporation by reference in

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

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

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

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

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

(vi) Registration Statement (Form S-8, No. 333-29765) which relates to the Phillips-Van Heusen Corporation 1997 Stock Option Plan,

(vii) Registration Statement (Form S-4, No. 333-57203), which relates to the 9.5% Senior Subordinated Notes due 2008,

(viii) Registration Statement (Form S-8, No. 333-41068) which relates to the Phillips-Van Heusen Corporation 2000 Stock Option Plan,

(ix) Registration Statement (Form S-3, No. 333-105218), which relates to the issuance of stock of Phillips-Van Heusen to the selling stockholders of Calvin Klein, Inc. and certain related companies,

(x) Registration Statement (Form S-4, No. 333-108329), which relates to the 8 1/8% Senior Unsecured Notes due 2013,

(xi) Registration Statement (Form S-8, No. 333-109000), which relates to the Phillips-Van Heusen Corporation 2003 Stock Option Plan, and

(xii) Registration Statement (Form S-4, No. 333-116552), which relates to the 7 1/4% Senior Unsecured Notes due 2011

of Phillips-Van Heusen Corporation and in the related Prospectuses of our reports dated March 21, 2005 with respect to the consolidated financial statements and financial statement schedule of Phillips-Van Heusen Corporation. Phillips-Van Heusen Corporation's management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Phillips-Van Heusen Corporation, included in this Annual Report (Form 10-K) for the year ended January 30, 2005.

ERNST & YOUNG LLP

New York, New York
April 7, 2005

EXHIBIT 31.1

I, Bruce J. Klatsky, certify that:

1. I have reviewed this annual report on Form 10-K of Phillips-Van Heusen Corporation;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual 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 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: April 7, 2005

/s/ Bruce J. Klatsky
Bruce J. Klatsky
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, Emanuel Chirico, certify that:

1. I have reviewed this annual report on Form 10-K of Phillips-Van Heusen Corporation;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual 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 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: April 7, 2005

/s/ Emanuel Chirico
Emanuel Chirico
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annual Report on Form 10-K of Phillips-Van Heusen Corporation (the "Company") for the fiscal year ended January 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce J. Klatsky, 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: April 7, 2005

By: /s/ Bruce J. Klatsky
Name: Bruce J. Klatsky
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 Annual Report on Form 10-K of Phillips-Van Heusen Corporation (the "Company") for the fiscal year ended January 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Emanuel Chirico, Executive Vice President and Chief 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: April 7, 2005

By: /s/ Emanuel Chirico
Name: Emanuel Chirico
Executive Vice President and
Chief 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.