SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One):

|X| ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996]. For the fiscal year ended December 31, 1998

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]. For the transition period from __________ to __________

Commission file number 1-724

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: PVH Associates Investment Plan for Hourly Associates and PVH Associates Investment Plan for Salaried Associates

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: Phillips-Van Heusen Corporation, 200 Madison Avenue, New York, New York 10016

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLANS

Date: June 28, 1999

By /s/ Pamela N. Hootkin

Pamela N. Hootkin, Member of
Administrative Committee

Phillips-Van Heusen Corporation
Associates Investment Plan for Hourly Associates

Financial Statements

Years ended December 31, 1998 and 1997

Contents

The Plan's investment asset are held in a Master Trust for which a separate report is filed with the Department of Labor. Accordingly, supplemental schedules of Asset Held for Investment Purpose and Reportable Transactions of the Master Trust have not been presented.

Report of Independent Auditors

Administrative Committee of the Plan
Phillips-Van Heusen Corporation
Associates Investment Plan for Hourly Associates

We have audited the accompanying statements of net assets available for plan benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Hourly Associates as of December 31, 1998 and 1997, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1998 and 1997, and the changes in its net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

June 25, 1999

Phillips-Van Heusen Corporation
Associates Investment Plan for Hourly Associates

Statements of Net Assets Available for Plan Benefits

	December 31, 1998	1997
Assets		
Investments, at fair value (Notes A and F):		
Shares of registered investment companies:		
Equity Fund	$2,429,576	$1,351,523
Bond Fund	354,620	316,250
Balanced Fund	1,336,645	932,262
International Fund	323,361	252,818
Common Stock--Employer Company Fund	1,787,531	3,999,372
Common Trust Fund*	2,056,935	2,361,276
Participant loans receivable	177,017	254,492
Net assets available for plan benefits	$8,465,685	$9,467,993

*Consists of the Money Market Fund (Chase Manhattan Bank Domestic Liquidity Fund).

See notes to financial statements.

Phillips-Van Heusen Corporation
Associates Investment Plan for Hourly Associates

Statements of Changes in Net Assets Available for Plan Benefits

	Year ended December 31, 1998	1997
Additions		
Net transfer from the Associates Investment Plan of PVH (Crystal Brands Division)	$ --	$ 10,560
Contributions:		
Employer Company, net of forfeitures	267,438	207,366
Participants	706,897	699,527
	974,335	906,893
Interest and investment income	473,962	236,713
Total additions	1,448,297	1,154,166
Deductions		
Net transfer to the PVH Associates Investment Plan for Salaried Associates	249,785	155,597
Payments to participants	1,436,892	1,212,919
Total deductions	1,686,677	1,368,516
Net realized and unrealized (depreciation) appreciation of investments	(763,928)	316,782
Net (decrease) increase	(1,002,308)	102,432
Net assets available for plan benefits at beginning of year	9,467,993	9,365,561
Net assets available for plan benefits at end of year	$ 8,465,685	$9,467,993

See notes to financial statements.

Notes to Financial Statements

December 31, 1998

A. Description of the Plan

The following description of the Phillips-Van Heusen Corporation (the "Company") Associates Investment Plan for Hourly Associates (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

On October 1, 1997, the net assets of the Associates Investment Plan of Phillips-Van Heusen Corporation (Crystal Brands Division) (the "Crystal Brands Plan") associated with hourly associates merged into the Plan. All assets of the Crystal Brands Plan were held by State Street Bank (trustee of the Crystal Brands Plan through September 30, 1997). All assets of the Plan are held by Chase Manhattan Bank (trustee of the Plan through September 30, 1997) and Wachovia Bank, N.A. (successor trustee of the Plan effective October 1, 1997) in the Company's Associates Investment Plan Master Trust (the "AIP Master Trust").

General

The Plan is a defined contribution plan covering hourly production and retail field employees of the Company who have at least one year of service (1,000 hours in a year) and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Each year, participants may contribute up to 15% of pretax annual compensation, as defined by the Plan. The Company contributes 50% of the first 6% of base compensation that a participant contributes to the Plan.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) Company's contributions, and (b) Plan earnings. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions. One hundred percent of the Company contributions are automatically invested in the common stock of the Company. In accordance with the provisions of the Plan, participants age 55 or older may direct the Company contribution into any of the Plan's investment options.

A. Description of the Plan (continued)

Vesting

Amounts attributable to Company contributions become vested on the participant's 65th birthday or if the participant's employment by the Company terminates by reason of the participant's death or permanent disability or the participant has completed five years of service with the Company.

Investment Options

Upon enrollment in the Plan, a participant may direct employee contributions into any of six investment options. A participant may contribute a maximum of 25% of employee contributions into the Phillips-Van Heusen Corporation Common Stock Fund.

Participant Loans Receivable

Participants may borrow from the Plan, with certain restrictions, using their vested account balance as collateral. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of (i) $50,000 reduced by the participant's highest outstanding loan balance during the previous 12 months, or (ii) 50% of the vested value of the participant's account. Interest is fixed for the term of the loan at the prime rate as of the first business day of the month of application as published in The Wall Street Journal, plus 1%. Loan repayments are made through payroll deductions which may be specified for a term of 1 to 5 years or up to 15 years for the purchase of a primary residence.

Payment of Benefits

Participants entitled to final distributions generally will receive payment in the form of a lump sum amount equal to the value of their vested account.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

B. Significant Accounting Policies

The accounting records of the Plan are maintained on the accrual basis.

Substantially all administrative expenses are paid by the company.

In accordance with the Rules and Regulations of the Department of Labor, investments are included in the accompanying financial statements at market value as determined by quoted market prices or at fair value as determined by Wachovia Bank, N.A. ("Wachovia") for the applicable Wachovia investment funds. Purchases and sales of securities are reflected on a trade date basis.

All assets of the Plan are held by Wachovia in the AIP Master Trust and are segregated from the assets of the Company. The Plan shares in AIP Master Trust interest and investment income based upon its participants' shares of AIP Master Trust net assets available for plan benefits. The AIP Master Trust's investments include an interest contract with an insurance company that has been placed into conservatorship in 1991. In November 1998, the AIP Master Trust received its principal in the interest contract plus accrued interest, as defined in the conservatorship agreement. The Plan does not have a beneficial interest in this interest contract.

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 these estimates.

C. Transactions with Parties-in-Interest

During the years ended December 31, 1998 and 1997, the AIP Master Trust purchased 56,702 and 41,891 shares, respectively, of the Company's common stock and received $197,777 and $205,332, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 14,961 and 58,705 shares of the Company's common stock during the years ended December 31, 1998 and 1997, respectively.

In connection with the merger of the Crystal Brands Plan on October 1, 1997, 52,112 shares of the Company's common stock were transferred into the AIP Master Trust.

D. Changes in the AIP Master Trust Net Assets Held by Fund

Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 1998 were as follows:

	Phillips-Van Heusen Corp. Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund
Net assets at beginning of year	$ 19,905,879	$ 9,046,544	$ 2,314,921	$ 9,387,001	$ 16,163,805
Interest and investment income	226,343	474,862	138,565	1,154,085	1,133,584
Contributions received:					
Employer Company, net of forfeitures	1,894,714	632	1,355	17,426	31,368
Employees	325,015	561,378	320,057	1,226,067	2,101,123
Net realized and unrealized appreciation (depreciation)	(9,106,716)	--	21,757	455,901	3,577,455
Loans to participants, net of repayments	594	(3,431)	9,072	35,206	39,529
Payments to participants	(3,113,510)	(2,527,309)	(497,432)	(1,427,011)	(2,549,482)
Transfers (to) from other accounts	(717,388)	4,418,474	(41,203)	683,068	1,026,645
Net assets at end of year	$ 9,414,931	$ 11,971,150	$ 2,267,092	$ 11,531,743	$ 21,524,027
Plan's beneficial interest at end of year	$ 1,787,531	$ 2,056,935	$ 354,620	$ 1,336,645	$ 2,429,576

	International Fund	Fixed Income Fund	Loan Fund	Total
Net assets at beginning of year	$ 3,585,363	$4,575,539	$ 1,371,795	$ 66,350,847
Interest and investment income	329,613	377,524	--	3,834,576
Contributions received:				
Employer Company, net of forfeitures	5,185	--	--	1,950,680
Employees	622,425	--	--	5,156,065
Net realized and unrealized appreciation (depreciation)	(520,450)	--	--	(5,572,053)
Loans to participants, net of repayments	13,351	--	(94,321)	--
Payments to participants	(365,871)	(150,096)	--	(10,630,711)
Transfers (to) from other accounts	(566,629)	(4,802,967)	--	--
Net assets at end of year	$ 3,102,987	--	$ 1,277,474	$ 61,089,404
Plan's beneficial interest at end of year	$ 323,361	$ --	$ 177,017	$ 8,465,685

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

Phillips-Van Heusen Corporation
Associates Investment Plan for Hourly Associates

Notes to Financial Statements (continued)

D. Changes in the AIP Master Trust Net Assets Held by Fund (continued)

Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 1997 were as follows:

	Phillips-Van Heusen Corp. Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund
Net assets at beginning of year	$ 19,612,593	$ 6,879,359	$ 1,818,465	$ 5,750,463	$ 9,384,953
Interest and investment income	211,070	551,149	125,621	502,825	330,738
Contributions received:					
Employer Company, net of forfeitures	1,620,371	(51,060)	73	(2,835)	(11,499)
Employees	423,500	670,327	350,969	1,193,105	1,963,385
Net realized and unrealized appreciation (depreciation)	(299,112)	--	18,814	854,817	2,721,432
Loans to participants, net of repayments	(77,679)	(45,092)	4,773	(42,561)	(71,843)
Payments to participants	(1,962,154)	(1,707,477)	(255,224)	(802,958)	(1,332,908)
Transfers (to) from other accounts	(446,731)	(226,623)	(85,827)	236,828	427,253
Transfer from AIP of PVH (Crystal Brands Division)	824,021	2,975,961	337,257	1,697,317	2,752,294
Net assets at end of year	$ 19,905,879	$ 9,046,544	$ 2,314,921	$ 9,387,001	$ 16,163,805
Plan's beneficial interest at end of year	$ 3,999,372	$ 2,361,276	$ 316,250	$ 932,262	$ 1,351,523

	International Fund	Fixed Income Fund	Loan Fund	Total
Net assets at beginning of year	$ 2,226,120	$ --	$ 969,816	$ 46,641,769
Interest and investment income	391,072	106,016	--	2,218,491
Contributions received:				
Employer Company, net of forfeitures	585	--	--	1,555,635
Employees	646,476	--	--	5,247,762
Net realized and unrealized appreciation (depreciation)	(327,047)	--	--	2,968,904
Loans to participants, net of repayments	(27,416)	--	259,818	--
Payments to participants	(279,685)	--	--	(6,340,406)
Transfers (to) from other accounts	95,100	--	--	--
Transfer from AIP of PVH (Crystal Brands Division)	860,158	4,469,523	142,161	14,058,692
Net assets at end of year	$ 3,585,363	$ 4,575,539	$ 1,371,795	$ 66,350,847
Plan's beneficial interest at end of year	$ 252,818	$ --	$ 254,492	$ 9,467,993

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

E. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 27, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

F. Assets of the Plan

Assets of the Plan are included in the assets of the AIP Master Trust held by the trustees. The assets of the AIP Master Trust are presented in the following table. Investments that represent 5% or more of the AIP Master Trust's total net assets are identified by an asterisk.

	December 31, 1998	1997
Investments at fair value as determined by quoted market price:		
Shares of registered investment companies:		
Fidelity Growth & Income Portfolio, 469,513 and 424,247 shares, respectively	$21,524,027*	$16,163,805*
Fidelity Intermediate Bond Fund, 220,576 and 227,623 shares, respectively	2,267,092	2,314,921
Fidelity Puritan Fund, 574,442 and 484,360 shares, respectively	11,531,743*	9,387,001*
Templeton Foreign Fund, 369,842 and 360,337 shares, respectively	3,102,987*	3,585,363*
Phillips-Van Heusen Corp. Common Stock Fund 1,304,634 and 1,394,679 shares, respectively	9,414,931*	19,905,879*
Investments at estimated fair value:		
Common Trust Fund	11,971,150*	9,046,544*
Promissory notes (participant loans)	1,277,474	1,371,795
Non-performing interest contract	-	4,575,539*
Total net assets	$61,089,404	$66,350,847
Plan's beneficial interest	$ 8,465,685	$ 9,467,993

G. Differences Between Plan Financial Statements and Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	December 31, 1998	December 31, 1997
Net assets available for plan benefits as reported on the financial statements	$8,465,685	$9,467,993
Less amounts allocated to withdrawn participants at the end of the year	(307,191)	(295,118)
Net assets available for plan benefits as reported on the Form 5500	$8,158,494	$9,172,875

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	Year ended December 31, 1998
Benefits paid to participants per the financial statements	$1,436,892
Add amounts allocated to withdrawn participants at December 31, 1998	307,191
Less amounts allocated to withdrawn participants at December 31, 1997	(295,118)
Benefits paid to participants per the Form 5500	$1,448,965

Amounts allocated to withdrawn participants on the Form 5500 represent benefit claims that have been processed and approved for payment prior to year-end but not yet paid.

H. Year 2000 (Unaudited)

The Plan Sponsor has determined that it will be necessary to take certain steps in order to ensure that the Plan's information systems are prepared to handle year 2000 dates. The Plan Sponsor is taking a two phase approach. The first phase addresses internal systems that must be modified or replaced to function properly. Both internal and external resources are being utilized to replace or modify existing software applications, and test the software and equipment for the year 2000 modifications. The Plan Sponsor anticipates substantially completing this phase of the project by the end of 1999. Costs associated with modifying software and equipment are not estimated to be significant and will be paid by the Plan Sponsor.

For the second phase of the project, Plan management established formal communications with its third party service providers to determine that they have developed plans to address their own year 2000 problems as they relate to the Plan's operations. All third party service providers have indicated that they will be year 2000 compliant by the end of 1999. If modification of data processing systems of either the Plan, the Plan Sponsor, or its service providers are not completed timely, the year 2000 problem could have a material impact on the operations of the Plan. Plan management has not developed a contingency plan, because they are confident that all systems will be year 2000 ready.

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Financial Statements

Years ended December 31, 1998 and 1997

Contents

The Plan's investment asset are held in a Master Trust for which a separate report is filed with the Department of Labor. Accordingly, supplemental schedules of Asset Held for Investment Purpose and Reportable Transactions of the Master Trust have not been presented.

Report of Independent Auditors

Administrative Committee of the Plan
Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

We have audited the accompanying statements of net assets available for plan benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates as of December 31, 1998 and 1997, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1998 and 1997, and the changes in its net assets available for plan benefits for the years then ended, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

June 25, 1999

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Statements of Net Assets Available for Plan Benefits

	December 31, 1998	December 31, 1997
Assets		
Investments (Notes A and E):		
Shares of registered investment companies:		
Equity Fund	$18,989,549	$14,747,941
Bond Fund	1,861,948	1,958,204
Balanced Fund	10,083,735	8,374,192
International Fund	2,762,304	3,316,839
Common stock--Employer Company Fund	7,439,036	15,566,503
Common Trust Fund*	9,787,719	6,560,602
Non-performing interest contract (Note F)	--	4,575,539
Participant loans receivable	1,087,665	1,077,960
Net assets available for plan benefits	$52,011,956	$56,177,780

*Consists of the Money Market Fund (Chase Manhattan Bank Domestic Liquidity Fund).

See notes to financial statements.

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Statements of Changes in Net Assets Available for Plan Benefits

	Year ended December 31, 1998	1997
Additions		
Net transfer from the PVH Associates Investment Plan for Hourly Associates	$ 249,785	$ 155,597
Net transfer from the Associates Investment Plan of PVH (Crystal Brands Division)	--	14,048,132
	249,785	14,203,729
Contributions:		
Employer Company, net of forfeitures	1,650,080	1,313,423
Participants	4,361,515	4,430,685
	6,011,595	5,744,108
Interest and investment income	3,301,844	1,963,586
Total additions	9,563,224	21,911,423
Deductions		
Payments to participants	9,015,648	5,026,675
Total deductions	9,015,648	5,026,675
Net realized and unrealized (depreciation) appreciation of investments	(4,713,400)	2,627,777
Net (decrease) increase	(4,165,824)	19,512,525
Net assets available for plan benefits at beginning of year	56,177,780	36,665,255
Net assets available for plan benefits at end of year	$52,011,956	$56,177,780

See notes to financial statements.

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Notes to Financial Statements

December 31, 1998

A. Description of the Plan

The following description of the Phillips-Van Heusen Corporation (the "Company") Associates Investment Plan for Salaried Associates (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

On October 1, 1997, the net assets of the Associates Investment Plan of Phillips-Van Heusen Corporation (Crystal Brands Division) (the "Crystal Brands Plan") associated with salaried or former associates were merged into the Plan. All assets of the Crystal Brands Plan were held by State Street Bank (trustee of the Crystal Brands Plan through September 30, 1997). All assets of the Plan are held by Chase Manhattan Bank (trustee of the Plan through September 30, 1997) and Wachovia Bank, N.A. ("Wachovia") (successor trustee of the Plan effective October 1, 1997) in the Company's Associates Investment Plan Master Trust (the "AIP Master Trust"). The investment alternatives of the Crystal Brands Plan have included interest contracts with insurance companies, as discussed further in this note and in Note F.

General

The Plan is a defined contribution plan covering salaried clerical employees of the Company who have at least one year of service (1,000 hours in a year) and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Each year, participants may contribute up to 15% of pretax annual compensation, as defined by the Plan. The Company contributes 50% of the first 6% of base compensation that a participant contributes to the Plan.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions. One hundred percent of the Company contributions are automatically invested in the common stock of the Company. In accordance with the provisions of the Plan, participants age 55 or older may direct the Company contribution into any of the Plan's investment options.

A. Description of the Plan (continued)

Vesting

Amounts attributable to Company contributions become vested on the participant's 65th birthday or if the participant's employment by the Company terminates by reason of the participant's death or permanent disability or the participant has completed five years of service with the Company.

Investment Options

Upon enrollment in the Plan, a participant may direct employee contributions into any of six investment options. A participant may contribute a maximum of 25% of employee contributions into the Phillips-Van Heusen Corporation Common Stock Fund.

Participant Loans Receivable

Participants may borrow from the Plan, with certain restrictions, using their vested account balance as collateral. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of (i) $50,000 reduced by the participant's highest outstanding loan balance during the previous 12 months, or (ii) 50% of the vested value of the participant's account. Interest is fixed for the term of the loan at the prime rate as of the first business day of the month of application as published in The Wall Street Journal, plus 1%. Loan repayments are made through payroll deductions which may be specified for a term of 1 to 5 years or up to 15 years for the purchase of a primary residence.

Payment of Benefits

Participants entitled to final distributions generally will receive payment in the form of a lump-sum amount equal to the value of their vested account.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

B. Significant Accounting Policies

The accounting records of the Plan are maintained on the accrual basis.

Substantially all administrative expenses are paid by the company.

In accordance with the Rules and Regulations of the Department of Labor, investments are included in the accompanying financial statements at market value as determined by quoted market price or at fair value as determined by Wachovia for the applicable Wachovia investment funds. The interest contract is stated at cost plus accumulated interest. Purchase and sales of securities are reflected on a trade date basis.

All assets of the Plan are held by Wachovia in the AIP Master Trust and are segregated from the assets of the Company. The Plan shares in AIP Master Trust interest and investment income based upon its participants' shares of AIP Master Trust net assets available for plan benefits.

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 these estimates.

C. Transactions with Parties-in-Interest

During the years ended December 31, 1998 and 1997, the AIP Master Trust purchased 56,702 and 41,891 shares, respectively, of the Company's common stock and received $197,777 and $205,332, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 14,961 and 58,705 shares of the Company's common stock during the years ended December 31, 1998 and 1997, respectively.

In connection with the merger of the Crystal Brands Plan on October 1, 1997, 52,112 shares of the Company's common stock were transferred into the AIP Master Trust.

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Notes to Financial Statements (continued)

D. Changes in the AIP Master Trust Net Assets Held by Fund

Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 1998 were as follows:

	Phillips-Van Heusen Corp. Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund
Net assets at beginning of year	$ 19,905,879	$ 9,046,544	$ 2,314,921	$ 9,387,001	$ 16,163,805
Interest and investment income	226,343	474,862	138,565	1,154,085	1,133,584
Contributions received:					
Employer Company, net of forfeitures	1,894,714	632	1,355	17,426	31,368
Employees	325,015	561,378	320,057	1,226,067	2,101,123
Net realized and unrealized appreciation (depreciation)	(9,106,716)	--	21,757	455,901	3,577,455
Loans to participants, net of repayments	594	(3,431)	9,072	35,206	39,529
Payments to participants	(3,113,510)	(2,527,309)	(497,432)	(1,427,011)	(2,549,482)
Transfers (to) from other accounts	(717,388)	4,418,474	(41,203)	683,068	1,026,645
Net assets at end of year	$ 9,414,931	$ 11,971,150	$ 2,267,092	$ 11,531,743	$ 21,524,027
Plan's beneficial interest at end of year	$ 7,439,036	$ 9,787,719	$ 1,861,948	$ 10,083,735	$ 18,989,549

	International Fund	Fixed Income Fund	Loan Fund	Total
Net assets at beginning of year	$ 3,585,363	$ 4,575,539	$ 1,371,795	$ 66,350,847
Interest and investment income	329,613	377,524		3,834,576
Contributions received:				
Employer Company, net of forfeitures	5,185	--	--	1,950,680
Employees	622,425	--	--	5,156,065
Net realized and unrealized appreciation (depreciation)	(520,450)	--	--	(5,572,053)
Loans to participants, net of repayments	13,351	--	(94,321)	--
Payments to participants	(365,871)	(150,096)	--	(10,630,711)
Transfers (to) from other accounts	(566,629)	(4,802,967)	--	--
Net assets at end of year	$ 3,102,987	$ --	$ 1,277,474	$ 61,089,404
Plan's beneficial interest at end of year	$ 2,762,304	$ --	$ 1,087,665	$ 52,011,956

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

Phillips-Van Heusen Corporation
Associates Investment Plan for Salaried Associates

Notes to Financial Statements (continued)

D. Changes in the AIP Master Trust Net Assets Held by Fund (continued)

Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 1997 were as follows:

	Phillips-Van Heusen Corp. Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund
Net assets at beginning of year	$ 19,612,593	$ 6,879,359	$ 1,818,465	$ 5,750,463	$ 9,384,953
Interest and investment income	211,070	551,149	125,621	502,825	330,738
Contributions received:					
Employer Company, net of forfeitures	1,620,371	(51,060)	73	(2,835)	(11,499)
Employees	423,500	670,327	350,969	1,193,105	1,963,385
Net realized and unrealized appreciation (depreciation)	(299,112)	--	18,814	854,817	2,721,432
Loans to participants, net of repayments	(77,679)	(45,092)	4,773	(42,561)	(71,843)
Payments to participants	(1,962,154)	(1,707,477)	(255,224)	(802,958)	(1,332,908)
Transfers (to) from other accounts	(446,731)	(226,623)	(85,827)	236,828	427,253
Transfer from AIP of PVH (Crystal Brands Division)	824,021	2,975,961	337,257	1,697,317	2,752,294
Net assets at end of year	$ 19,905,879	$ 9,046,544	$ 2,314,921	$ 9,387,001	$ 16,163,805
Plan's beneficial interest at end of year	$ 15,566,503	$ 6,560,602	$ 1,958,204	$ 8,374,192	$ 14,747,941

	International Fund	Fixed Income Fund	Loan Fund	Total
Net assets at beginning of year	$ 2,226,120	$ --	$ 969,816	$46,641,769
Interest and investment income	391,072	106,016	--	2,218,491
Contributions received:				
Employer Company, net of forfeitures	585	--	--	1,555,635
Employees	646,476	--	--	5,247,762
Net realized and unrealized appreciation (depreciation)	(327,047)	--	--	2,968,904
Loans to participants, net of repayments	(27,416)	--	259,818	--
Payments to participants	(279,685)	-	--	(6,340,406)
Transfers (to) from other accounts	95,100	--	--	--
Transfer from AIP of PVH (Crystal Brands Division)	860,158	4,469,523	142,161	14,058,692
Net assets at end of year	$ 3,585,363	$ 4,575,539	$ 1,371,795	$66,350,847
Plan's beneficial interest at end of year	$ 3,316,839	$ 4,575,539	$ 1,077,960	$56,177,780

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

E. Assets of the Plan

Assets of the Plan are included in the assets of the AIP Master Trust held by the trustees. The assets of the AIP Master Trust are presented in the following table. Investments that represent 5% or more of the AIP Master Trust's total net assets are identified by an asterisk.

	December 31, 1998	December 31, 1997
Investments at fair value as determined by quoted market price:		
Shares of registered investment companies:		
Fidelity Growth & Income Portfolio, 465,513 and 424,247 shares, respectively	$ 21,524,027*	$ 16,163,805*
Fidelity Intermediate Bond Fund, 220,576 and 227,623 shares, respectively	2,267,092	2,314,921
Fidelity Puritan Fund, 574,442 and 484,360 shares, respectively	11,531,743*	9,387,001*
Templeton Foreign Fund, 369,842 and 360,337 shares, respectively	3,102,987*	3,585,363*
Phillips-Van Heusen Corp. Common Stock Fund, 1,304,634 and 1,394,679 shares, respectively	9,414,931*	19,905,879*
Investments at estimated fair value:		
Common Trust Fund	11,971,150*	9,046,544*
Promissory notes (participant loans)	1,277,474	1,371,795
Non-performing interest contract	--	4,575,539*
Total net assets	$ 61,089,404	$ 66,350,847
Plan's beneficial interest	$ 52,011,956	$ 56,177,780

F. Non-Performing Interest Contract

On July 16, 1991, on application of the Insurance Commissioner of the State of New Jersey, the Superior Court of New Jersey placed the Mutual Benefit Life Insurance Company ("MBLIC") into rehabilitation. Effective June 30, 1991, allocation of interest on MBLIC interest contracts to participants was suspended, and on January 1, 1992, the interest accrual rate on all MBLIC contracts was reduced to 3% in accordance with the recommendation of the Deputy Rehabilitator of MBLIC.

F. Non-Performing Interest Contract (continued)

On November 10, 1993, the court approved a plan of rehabilitation for MBLIC. The rehabilitation plan provides investors with two alternatives consisting of either (1) participating ("opt-in") in the plan, or (2) not participating ("opt-out") in the plan. Investors electing to opt-in are projected to receive 100% of their July 16, 1991 investment balance over a four-year period from December 31, 1999 to December 31, 2003. Investors who elected to opt-out received approximately 55% of their July 16, 1991 investment balance no later than mid-1996. The Plan's interest contract with MBLIC is not covered by state guaranty associations. For certain investments not covered by state guaranty associations, including the Plan's interest contract, the rehabilitation provides, for those investors electing to opt-in, reinsurance by a consortium of insurance companies including the Prudential Insurance Company of America and the Metropolitan Life Insurance Company.

State Street Bank, the former trustee of the Crystal Brands Plan, elected to opt-in to the MBLIC rehabilitation plan. State Street Bank made this decision after review and analysis of the rehabilitation plan and the financial strength of the reinsurers. Based on the MBLIC rehabilitation plan, including the reinsurance provision, no adjustment to the carrying value of the MBLIC interest contract was made. The Plan's MBLIC interest contract was credited with interest at 6.35% from January 1, 1997 through June 30, 1997 and 9.75% for July 1, 1997 through November 2, 1998. On November 2, 1998, the Plan received as final settlement from MBLIC of $4,802,967, which includes principal and accrued interest of $4,425,443 and $377,524, respectively.

G. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 27, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is exempt from taxation. Once qualified, the plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

H. Differences Between Plan Financial Statements and Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	December 31, 1998	December 31, 1997
Net assets available for plan benefits as reported on the financial statements	$52,011,956	$56,177,780
Less amounts allocated to withdrawn participants at the end of the year	557,663	1,223,049
Net assets available for plan benefits as reported on the Form 5500	$51,454,293	$54,954,731

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500:

	Year ended December 31, 1998
Benefits paid to participants per the financial statements	$ 9,015,648
Add amounts allocated to withdrawn participants at December 31, 1998	557,663
Less amounts allocated to withdrawn participants at December 31, 1997	(1,223,049)
Benefits paid to participants per the Form 5500	$ 8,350,262

Amounts allocated to withdrawn participants on the Form 5500 represent benefit claims that have been processed and approved for payment prior to year-end but not yet paid.

I. Year 2000 (Unaudited)

The Plan Sponsor has determined that it will be necessary to take certain steps in order to ensure that the Plan's information systems are prepared to handle year 2000 dates. The Plan Sponsor is taking a two phase approach. The first phase addresses internal systems that must be modified or replaced to function properly. Both internal and external resources are being utilized to replace or modify existing software applications, and test the software and equipment for the year 2000 modifications. The Plan Sponsor anticipates substantially completing this phase of the project by the end of 1999. Costs associated with modifying software and equipment are not estimated to be significant and will be paid by the Plan Sponsor.

For the second phase of the project, Plan management established formal communications with its third party service providers to determine that they have developed plans to address their own year 2000 problems as they relate to the Plan's operations. All third party service providers have indicated that they will be year 2000 compliant by the end of 1999. If modification of data processing systems of either the Plan, the Plan Sponsor, or its service providers are not completed timely, the year 2000 problem could have a material impact on the operations of the Plan. Plan management has not developed a contingency plan, because they are confident that all systems will be year 2000 ready.

EXHIBIT INDEX

Exhibit No.	Description
1	Consent of Independent Auditors (Associates Investment Plan for Hourly Associates)
2	Consent of Independent Auditors (Associates Investment Plan for Salaried Associates)

Exhibit 1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Phillips-Van Heusen Corporation Associates Investment Plan for Hourly Associates of our report dated June 25, 1999, with respect to the financial statements of the Phillips-Van Heusen Corportation Associates Investment Plan for Hourly Associates included in this Annual Report (Form 11-K) for the year ended December 31, 1998.

/s/ Ernst & Young LLP

New York, New York
June 25, 1999

Exhibit 2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates of our report dated June 25, 1999, with respect to the financial statements of the Phillips Van-Heusen Corporation Associates Investment Plan for Salaried Associates included in this Annual Report (Form 11-K) for the year ended December 31, 1998.

/s/ Ernst & Young LLP

New York, New York
June 25, 1999