AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 18, 1998

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PHILLIPS-VAN HEUSEN CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	5136	13-1166910
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(IRS EMPLOYER IDENTIFICATION NO.)

1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10104
(212) 541-5200
(ADDRESS AND TELEPHONE NUMBER OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

BRUCE J. KLATSKY
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
PHILLIPS-VAN HEUSEN CORPORATION
1290 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10104
(NAME, ADDRESS AND TELEPHONE NUMBER OF AGENT FOR SERVICE)

COPY TO:
EDWARD H. COHEN, ESQ.
ROSENMAN & COLIN LLP
575 MADISON AVENUE
NEW YORK, NEW YORK 10022

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
9 1/2% Senior Subordinated Notes due 2008.....	$150,000,000	100%	$150,000,000	$44,250

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION DATED JUNE 18, 1998

PROSPECTUS

PHILLIPS-VAN HEUSEN CORPORATION

OFFER TO EXCHANGE UP TO
$150,000,000 OF ITS 9 1/2% SENIOR SUBORDINATED NOTES DUE 2008
FOR ANY AND ALL OF ITS OUTSTANDING
$150,000,000 9 1/2% SENIOR SUBORDINATED NOTES DUE 2008

THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____, 1998, UNLESS EXTENDED.

Phillips-Van Heusen Corporation is offering hereby, upon the terms and subject to the conditions set forth in this Prospectus and accompanying Letter of Transmittal, which together constitute the Exchange Offer, to exchange an aggregate of up to $150 million principal amount of its 9 1/2% Senior Subordinated Notes due 2008 (the 'Exchange Notes') for an identical face amount of its issued and outstanding 9 1/2% Senior Subordinated Notes Due 2008 (the 'Initial Notes'; the Initial Notes and the Exchange Notes being referred to collectively as the 'Notes'). See 'The Exchange Offer' for further information concerning the above and for information with respect to resales of the Exchange Notes by broker-dealers.

The Exchange Notes are substantially identical to the Initial Notes. See 'Description of Exchange Notes'.

The Exchange Notes are being offered hereby to satisfy certain obligations of the Company contained in the Registration Rights Agreement. Based on interpretations by the staff of the Securities and Exchange Commission set forth in no-action letters issued to third parties, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer in exchange for Initial Notes may be offered for resale, resold or otherwise transferred by any holder thereof (other than any holder that is a broker-dealer or an 'affiliate' of the Company within the meaning of Rule 405 under the Securities Act) without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes and neither such holder nor any such other person is engaging in or intends to engage in a distribution of the Exchange Notes. However, the Company has not sought, and does not intend to seek, its own no-action letter, and there can be no assurance that the Commission would make a similar determination with respect to the Exchange Offer. See 'Plan of Distribution'.

The Exchange Notes are designated for trading in the PORTAL Market. There is no established trading market for the Exchange Notes. The Company does not currently intend to list the Exchange Notes on any securities exchange or to seek approval for quotation through any automated quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the Exchange Notes. The certificates representing the Exchange Notes will be issued in fully registered form.

SEE 'RISK FACTORS' BEGINNING ON PAGE 14 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY HOLDERS OF THE INITIAL NOTES.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is June , 1998.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Commission are hereby incorporated into this Prospectus and shall be deemed to be a part hereof:

(i) the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1998, as amended by its amendment on Form 10-K/A No. 1. (File No. 1-724); and

(ii) the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 3, 1998 (File No. 1-724).

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the 'Exchange Act') subsequent to the date of this Prospectus and prior to the consummation of the Exchange Offer shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of all documents incorporated by reference into this Prospectus, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference therein), will be provided without charge to each person to whom this Prospectus is delivered, upon oral or written request by such person to the Secretary of the Company, 1290 Avenue of the Americas, New York, New York 10104, telephone number (212) 541-5200.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this Prospectus, including, without limitation, statements relating to the plans, strategies, objectives, expectations and intentions of Phillips-Van Heusen Corporation (the 'Company'), 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) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the levels of sales of the Company's apparel and footwear products, both to its wholesale customers and in its retail stores, and the extent of discounts and promotional pricing in which the Company is required to engage may vary from expected levels and amounts; (iii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth and inventory; and (iv) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission (the 'Commission').

Future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements herein. Important factors that could contribute to such differences, in addition to those referred to above, are set forth herein under 'Risk Factors'.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the detailed information and consolidated financial statements appearing elsewhere in this Prospectus. Unless the context otherwise requires, as used in this Prospectus, the term 'Company' means Phillips-Van Heusen Corporation ('PVH') and its subsidiaries ('Subsidiaries'). The Company's fiscal year is based on the 52-53 week period ending on the Sunday on or closest to January 31 and is designated by the calendar year in which the fiscal year commences. The Company derives market share data information used herein from various industry sources.

THE COMPANY

OVERVIEW

The Company is a leading marketer of men's, women's and children's apparel and footwear, sold under five nationally recognized brand names -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene -- in the dress shirt, casual footwear, and sportswear sectors. The Company is brand focused and manages the design, sourcing and manufacturing of substantially all of its products on a brand by brand basis. The Company's products include both dress and sport shirts and casual shoes and, to a lesser extent, sweaters, neckwear, furnishings, bottoms, outerwear and leather and canvas accessories. Approximately 23% of the Company's net sales in fiscal 1997 were derived from sales of dress shirts, 33% from sales of footwear and related products and 44% from sales of other apparel goods, primarily branded sportswear. The Company markets its products at a wholesale level through national and regional department store chains and also directly to consumers through its own retail stores, generally located in factory outlet retail malls. The Company believes that marketing through the wholesale channel provides the opportunity to build brand equity and represents its core business, and views its retail business as a complement to its strong branded positions in the wholesale market. The Company's strategy is to exploit and expand its branded position in the United States and, on a longer-term basis, in the international arena, and the Company believes that its portfolio of well recognized brands offers the Company the best opportunity for realizing sales growth and enhancing profit margins.

The Company's net sales and EBITDA (exclusive of the non-recurring charges to earnings recorded in fiscal 1997) were $1,350.0 million and $70.8 million, respectively, in fiscal 1997 versus $1,359.6 million and $77.2 million, respectively, in fiscal 1996. Fiscal 1997 was a year of transition, as the Company continued to realign and strengthen its business and further reduce costs. The Company continued its store closing program and closed its sweater manufacturing operations, which resulted in a planned reduction of revenue, made a major investment of $18.4 million in incremental advertising expenditures in the second half of the year, and took non-recurring charges to earnings of $132.7 million in connection with certain restructuring expenses. The Company believes that it made significant progress in its apparel segment where sales and profitability increased, but it was disappointed with the results of its footwear and related products segment. The Company believes that the increased advertising expenditures and brand repositionings executed in 1997 position it well to compete in its markets and expects the actions which gave rise to the 1997 charges to result in aggregate cost savings of over $40 million in the period 1998 to 2000, and to exceed $20 million annually by 2000.

The Company's Van Heusen, Bass, Izod, Gant and Geoffrey Beene brands collectively account for approximately 93% of the Company's net sales, with approximately 73% of net sales being derived from Van Heusen, Bass and Geoffrey Beene alone. Izod and Gant were acquired by the Company in 1995 and subsequently repositioned in their markets. The Company believes that Izod and Gant have substantial brand equity and position the Company well to capitalize on the increasing popularity of branded sportswear. The Company owns four of the five brands, with sales of the fifth -- Geoffrey Beene -- being under licensing agreements with that designer. In addition, the Company recently entered into a license agreement to market DKNY brand men's dress shirts.

The Company's brands enjoy national recognition in their respective sectors of the market and share a rich heritage with between 40 and 120 years of operating history. They represent sales leaders

in their respective market niches, from a dominant position in dress shirts, to a leading position in casual footwear, to an increasingly important position in men's sportswear. In the United States, Van Heusen is the best selling men's dress shirt and woven sport shirt brand, and Geoffrey Beene is the best selling men's designer dress shirt brand. The Company believes that its overall share of the United States men's dress shirt market, including its branded, designer and private label offerings, is the largest of any company and that it has a growing market share, currently in excess of 32%, in the key department store channel. In the United States, Izod products include the best selling men's sweater brand, one of the best selling basic knit shirts and the number one ranked golf apparel brand in pro shops and resorts. Gant represents the largest collection brand in several countries in Europe, and is second only to 'Polo' in most of the other European countries. Bass is the leading brand of men's, women's and children's casual shoes at the moderate price range in the United States.

The Company markets its five premier brands to different segments of the market, appealing to varied demographic sectors and a broad spectrum of consumers. This diversity of the Company's brands is intended to minimize competition among the brands. The Van Heusen brand, designed to target the moderate price range, appeals to the relatively conservative 'middle American' consumer. The typical Bass consumer is family oriented, views the Bass brand as 'Americana', associated with a casual, outdoor lifestyle, and pays moderate prices for his or her product. The Company's Izod brand is 'active inspired', designed to sell on the main floor of department stores largely in knitwear categories in the moderate to upper moderate price range. The Gant brand is the Company's entry into collection sportswear and focuses on a traditional consumer with refined taste who is prepared to purchase apparel in the higher price range of the market. Geoffrey Beene is targeted toward a more fashion-forward consumer who is prepared to purchase apparel in the upper moderate price range. The Company's products are designed to appeal to relatively stable demographic sectors and generally are not reliant on rapidly changing fashion trends.

The Company believes that because of its strong brands it is well-positioned to capitalize on several trends that have affected the apparel and footwear sectors in recent years. These include the stabilization of the department store sector with a smaller number of stronger players, among which the Company ranks its most important customers; the continued importance of branding as a measure of product differentiation; continued growth in the branded sportswear sector; and the stabilization of the dress shirt sector after several years of modest decline. In addition, the recent lack of momentum in the athletic shoe sector provides the Company with the opportunity to capitalize on its Bass casual footwear products.

Substantially all of the Company's sales are made in the United States. However, the Company believes that global name awareness is a key to the creation of lasting brand equity and that it must pursue selective opportunities to expand the sales of its brands internationally. Currently, Gant is the Company's brand that is most developed internationally, with its name recognition and sales substantially stronger in Europe than in the United States. Gant products are sold in 35 countries, including in over 50 Gant stores owned or franchised by the Company's licensing partner, Pyramid Sportswear, in which the Company owns a minority interest with an option to acquire 100%. Although the Van Heusen, Bass and Izod product lines also are sold outside the United States, both directly and through licensees, their international sales are small relative to Gant. Based on its experience with Gant, the Company believes that opportunities exist to expand the sales of its Van Heusen, Bass and Izod brands internationally.

Consistent with its strategy of developing its brands, the Company has focused on the wholesale sector -- primarily department stores -- as the key source of distribution for its products. The Company believes that the wholesale channel generally, and department stores specifically, provide the best means of promoting a fully conceptualized image for each of its brands and of securing broad awareness of its products and image. The Company's wholesale customers for branded and designer apparel include May Co., Federated, JC Penney, Proffits and Dillard's. The Company's customers for footwear include Federated, May Co., Dillard's, Belk's and Nordstrom. The Company's ten largest wholesale customers, accounting for over 60% of the Company's fiscal 1997 sales to wholesale customers, each have been the Company's customers for more than 25 years. The Company believes

that its customers rely on its ability to design, manufacture to exacting quality standards and deliver on a timely basis commercially successful apparel and footwear programs.

While focused on the wholesale sector, the Company also sells its products directly to consumers in approximately 695 Company-owned stores located primarily in factory outlet retail malls. The stores are operated in five formats, matching each of the Company's premier brands -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene. Van Heusen and Bass, which have the broadest national recognition, followed by Izod, are in the broadest range of malls. Geoffrey Beene stores are located in malls where that brand has greater name recognition. Gant stores are included in a limited number of the most successful of the nation's malls. Historically, the Company participated in the significant expansion of the factory outlet mall sector, capitalizing on mall expansion to build a portfolio of approximately 1,000 stores and generate significant sales and cash flow growth. However, this strategy left the Company reliant on mall growth rather than on brand and market share development as the primary driver of expansion, contributed to a deterioration in the quality and stability of earnings and failed to strengthen the image and brand equity in its major businesses. Since 1995, the Company has significantly reduced the number of its retail locations and has closed its least attractive stores to optimize its portfolio. The Company's retail presence remains an important complement to its strong branded positions in the wholesale market, facilitating product experimentation, the gathering of market intelligence, effective inventory control and management of surplus product.

STRATEGY

The Company's strategy is to exploit and expand its branded position in the United States and, on a longer-term basis, internationally. Elements of this strategy include:

- CAPITALIZE ON SPORTSWEAR OPPORTUNITY. With a renewed strong focus by retailers on the importance of men's sportswear and the customer impact of brand differentiation within that sector, the Company has actively sought to build a leading branded presence in this fragmented niche, acquiring existing sportswear brands (Izod and Gant) and expanding their presence in the wholesale sector. This renewed focus is in part attributable to the on-going move of employers towards casual dress policies, such as 'casual Fridays', and the increasing number of people who work at home. In addition, outside of the workplace, people's social activities generally focus on a more casual lifestyle. These trends present greater opportunities for the Company in sportswear. Sportswear now represents 66% of the Company's apparel segment sales, and it is expected that sportswear will continue to increase as a percentage of sales.

- EXTEND BRAND PRODUCT RANGE. The Company continues to broaden the product range of its brands, capitalizing on the name recognition, popular draw and discrete target customer segmentation of each of its major labels. For example, dress shirts are now marketed under the Bass name and sportswear under the Van Heusen name, and Izod recently has expanded its offerings to include products for the fall and holiday seasons, a step toward building a year-round brand. As part of the introduction of the European Gant collection in the United States, the Company expanded its sportswear offerings to include sport coats, outerwear, rainwear, swimwear and accessories. Brand differentiation is maintained with design, manufacturing and procurement functions managed at the brand level.

- PROMOTE GLOBAL BRAND AND IMAGE. The Company believes that over the long-term the most successful brands will be those with a consistent imagery, market positioning and name recognition throughout the world's major consumer markets. The Company's longer-term goal is to develop its core brands into international consumer franchises. Currently, all four of the Company's owned brands are distributed internationally, although only Gant, which in its niche is the leading market player in several European countries and is second only to 'Polo' in most of the other European countries, has achieved widespread brand recognition. The Van Heusen brand is licensed in 21 countries in North, Central and South America. In 1992, Bass began marketing its footwear internationally and is now selling limited amounts of footwear to retailers

in Europe, Canada, South America, the Middle East, Africa and Asia. The Company plans to build on these bases and to project a consistent global image for each of its owned brands.

- BUILD UPON ENHANCED ADVERTISING PRESENCE. The Company launched advertising campaigns for its brands in the second half of fiscal 1997, which resulted in an increase in advertising expenditures by $18.4 million from fiscal 1996 to $37.8 million. Based upon dialogue with its wholesale customers, the Company believes that the campaigns were well received. The Company is committed to a continued advertising program to support and further develop the national and international recognition of its brands. The Company believes that ongoing communication with the consumer is a core ingredient for branded marketing success.

- LEVERAGE CORE COMPETENCIES IN LOGISTICAL AND IT SUPPORT. With primary focus on the more demanding wholesale customer nationwide and on securing and maintaining a strong presence on the department store floor, the Company has made significant investments to ensure the adequacy of its inventory replenishment programs, its capacity to monitor sales by SKU and margin and its ability to ensure its customers of timely product availability in a cost-effective manner.

- INCREASE OPERATING EFFICIENCIES. The Company is committed to a cost reduction program and constantly explores alternative methods to achieve that objective. Given its size, purchasing power and ability to optimize manufacturing and outsourcing alternatives, the Company is in a position to achieve significant efficiencies in procurement and manufacturing. This is essential if the Company is to provide high levels of service and responsiveness to its wholesale customers, while maintaining control over costs and working capital. The Company has developed significant manufacturing flexibility by maintaining a range of Company-owned and third party manufacturing capacity available to it, while optimizing margins through recourse to low cost non-United States manufacturing. The Company has announced a number of programs, including the contraction of its United States manufacturing and logistical infrastructure, to achieve significant cost savings.

- OPERATE COMPLEMENTARY RETAIL OPERATIONS. The Company's factory outlet retail stores provide a valuable complement to its wholesale presence, allowing for product experimentation, the gathering of market information, increasing the efficiency of inventory and surplus product management. The Company's stores sell a breadth of product not otherwise found in the Company's wholesale offerings. With a significant program of store closures in progress, the Company has been very focused on improving the profitability of the retail portfolio as a whole and maintaining its financial viability as a second channel of distribution. The Company's remaining retail stores are profitable, and the average sales per square foot and inventory turn at such stores have improved significantly since 1995, thereby positioning the Company's retail operations to generate increasing earnings and cash flows.

IMPLEMENTATION OF THE COMPANY'S STRATEGIES

Specific action steps taken beginning in 1995 and continuing into 1998 and 1999 with respect to the implementation of these strategies include: (i) the acquisition of the Izod and Gant brands; (ii) the reorganization of the Company's non-dress shirt operations along brand lines versus a wholesale/retail organizational structure; (iii) the complete repositioning of Gant's domestic brand image to match its highly successful European brand image; (iv) the launching of new, focused Van Heusen, Izod and Gant advertising campaigns; (v) the closure of approximately 400 of the Company's worst performing retail locations in a program that by the end of fiscal 1998, after approximately 50 new store openings, will have reduced the retail portfolio from approximately 1,000 locations to approximately 650; (vi) the closure of domestic shirt manufacturing plants and its United States mainland shoe manufacturing plant; (vii) the consolidation of the Company's domestic warehousing and distribution facilities; and (viii) the closure of the Company's sweater manufacturing operations, which were unprofitable, capital intensive and did not match the Company's branded strategy.

These steps have had the effect of focusing the Company's attention and resources on its core brands and have yielded strong and positive results, with further benefits expected to continue over the next three years. The Company's apparel operations (excluding sweater operations) saw net sales increase 4.9% in fiscal 1997 to $882.0 million, representing 65% of total fiscal 1997 net sales, gross margins improve from 31.3% to 32.9% and operating income increase over 50% to $45.4 million in fiscal 1997 (after incremental advertising expenses of $15.0 million) as compared to fiscal 1996. The Company's net sales of wholesale branded apparel products increased 24% in 1997 to $387.2 million. With $6.0 million of annual savings already realized from the closure of dress shirt manufacturing facilities in 1995 and 1996, the further closures in manufacturing facilities and consolidation of logistical infrastructure announced by the Company in 1997 are expected to result in substantial future cash savings.

Within the dress shirt sector, as the benefits of brand development and manufacturing reorientation have begun to be realized, estimated market share in the department store channel in which the Company competes has increased to 31% from 26%, with sales increasing by 20% in fiscal 1997 as compared to fiscal 1996, and operating margins and profitability more than doubling. Approximately 60 underperforming Geoffrey Beene sportswear retail outlets have been closed, resulting in significant increases in productivity and sales per square foot in the remaining stores, and eliminating the losses experienced by that business in 1996. Gant's 1997 repositioning in the United States was implemented as the Company opened a new flagship store on Fifth Avenue in Manhattan and increased by 34% the number of in-store shops in department stores carrying the Gant collection, with a further increase of 30% planned by department stores in 1998. Izod's wholesale sales doubled during 1997, with a 32% increase in the number of stores carrying the line. While Van Heusen's retail sales experienced a small decline as poorly performing stores were closed, operating profit increased 23%, reflecting the benefits of the Company's programs.

The process of implementing the Company's strategic initiatives has not been without disappointment. In the Bass business, fiscal 1997 net sales declined 5% to $439.0 million, as a result of the Company's attempt to reposition its Bass brand to higher price points, which proved overly aggressive. While the higher price position was endorsed by the Company's wholesale customers, the initiatives were not well executed and did not meet with consumer support, resulting in an inventory build up at both the wholesale level and in the Company's own factory outlet retail stores. To protect its franchise and preserve its wholesale customer relationships, the Company took substantial markdowns in its own retail stores and aggressively financed the markdowns required by its wholesale customers to sell this inventory. Line management responsible for the Bass business has been changed, a decision was made to close the United States mainland manufacturing facilities and the brand was returned to its historic positioning targeted in the moderate price range as a family oriented, 'Americana'-associated casual lifestyle brand. The result of these actions was a non-recurring charge to fiscal 1997 earnings of $54.2 million and a decline in footwear and related products operating income (before such charge) of $17.5 million to $15.4 million. While the Company is disappointed at the outcome of the Bass repositioning effort, the Company believes that its current plans for Bass will allow it to return to its historical levels of sales and profitability.

The implementation of these strategic initiatives has resulted in the Company taking pre-tax charges of $27.0 million in fiscal 1995 and $132.7 million in fiscal 1997, inclusive of the $54.2 million of Bass related charges. The Company believes that these initiatives have positioned it to achieve significant improvements in sales, operating income and cash flow in its apparel businesses and will position it further to compete cost effectively in the future across all of its business sectors. Furthermore, the Company believes that the initiatives favorably position the Company to accelerate its strategy of building pre-eminent global apparel and footwear brands.

COMPANY'S STRENGTHS

The key strengths of the Company are as follows:

- MARKET LEADERSHIP POSITION. The Company maintains a dominant position in men's dress shirts, a leading position in casual footwear and an increasingly important position in the fragmented men's sportswear market. The Company's strong market shares provide it with significant marketing strength relative to its competitors and attractive selling floor space at its department store customers.

- HIGH BRAND AWARENESS. The Company's five premier brands -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene -- enjoy national recognition in their respective sectors of the market. Brand recognition is critical in the apparel and footwear industries, where strong brand names help define consumer preferences and drive department store floor space allocation.

- MARKET SEGMENTATION. The Company markets its five premier brands to different segments of the market, appealing to varied demographic sectors and a broad spectrum of consumers. Accordingly, the diversity of the Company's brands is intended to minimize competition among the brands.

- STRENGTH AND BREADTH OF CUSTOMERS. The Company markets its products to a broad spectrum of customers, including department stores, as well as directly to the consumer in its factory outlet retail stores. The Company's retail business is intended to serve as a complement to its strong branded positions in the wholesale market. The Company's ten largest wholesale customers, accounting for over 60% of the Company's fiscal 1997 sales to wholesale customers, each have been the Company's customers for more than 25 years. No single customer accounted for more than 6% of the Company's total sales in any of the last three years.

- STRONG LOGISTICS. Timely delivery and product quality are among the most important criteria used by retailers to evaluate suppliers. Because of the Company's relatively large size and vertical integration, it has the capacity to contend successfully with the demands of large retailers. The Company's investment in information technology, use of the Company's electronic data interchange system ('EDI'), automated warehousing and distribution operations and global sourcing network facilitate quick response to sales trends and inventory demands, maximizing its inventory flexibility and contributing to its strength in dealing with its large retail customers.

- WORLDWIDE SOURCING ABILITY. The Company has the capability to source effectively on a world-wide basis as a result of its structure and history in the apparel and footwear industries. The Company employs highly seasoned sourcing specialists for each brand. To support these specialists, the Company maintains a world-wide sourcing network, with offices in various countries, whose responsibilities include technical support, quality control and human rights monitoring. These sourcing specialists provide expertise in sourcing multiple classifications, which results in highly efficient and cost-effective inventory movement. As a result of the Company's sourcing network, the Company has developed strong and stable global relationships over the years.

- STRONG MANAGEMENT. The Company's management is composed of a loyal team of relatively young and experienced individuals. The average officer of the Company is under 50 and has spent 25 years in the apparel industry, 13 of those years being with the Company. The Company believes that its unique team has the experience and expertise to implement the objectives of the Company.

The Company was incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881, and, with respect to Bass, a business begun in 1876. The Company's principal executive offices are located at 1290 Avenue of the Americas, New York, New York 10104; its telephone number is (212) 541-5200.

THE EXCHANGE OFFER.....	The Company is offering, upon the terms and subject to the conditions set forth in the accompanying Letter of Transmittal (together, the 'Exchange Offer') to exchange up to $150 million aggregate principal amount of its 9 1/2% Senior Subordinated Notes due 2008 for a like aggregate principal amount of its outstanding 9 1/2% Senior Subordinated Notes due 2008. The terms of the Exchange Notes are identical in all material respects (including principal amount, interest rate and maturity) to the terms of the Initial Notes for which they may be exchanged pursuant to the Exchange Offer, except that the Exchange Notes are freely transferable by holders thereof (other than as provided herein), and are not subject to any covenant regarding registration under the Securities Act of 1933 (the 'Securities Act').
INTEREST PAYMENTS.....	Interest on the Exchange Notes shall accrue from the last Interest Payment Date (May 1 or November 1) on which interest was paid on the Initial Notes so surrendered or, if no interest has been paid on such Initial Notes, from April 22, 1998.
NO MINIMUM CONDITION.....	The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Initial Notes being tendered for exchange.
EXPIRATION DATE; WITHDRAWAL OF TENDER.....	The Exchange Offer will expire at 5:00 p.m., New York City time, on , 1998 (the 'Expiration Date'). The Company currently does not intend to extend the Expiration Date. Tenders may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.
PROCEDURES FOR TENDERING INITIAL NOTES.....	Each holder of Initial Notes wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, together with the Initial Notes and any other required documentation, to the Exchange Agent at the address set forth herein.
USE OF PROCEEDS.....	The Company will not receive any proceeds from the exchange of Notes pursuant to the Exchange Offer.
SPECIAL PROCEDURES FOR BENEFICIAL OWNERS.....	Any beneficial owner whose Initial Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on such beneficial owner's own behalf. If such beneficial owner wishes to tender on such beneficial owner's own behalf, such beneficial owner must, prior to completing and executing the Letter of Transmittal and delivering the Initial Notes, either make appropriate arrangements to register ownership of the Initial Notes in such beneficial owner's name or

	obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.
GUARANTEED DELIVERY PROCEDURES.....	Holders of Initial Notes who wish to tender their Initial Notes and whose Initial Notes are not entirely available or who cannot deliver their Initial Notes, the Letter of Transmittal or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date must tender their Initial Notes according to the guaranteed delivery procedures set forth herein.
ACCEPTANCE OF INITIAL NOTES AND DELIVERY OF THE EXCHANGE NOTES.....	The Company will accept for exchange any and all Initial Notes which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date. The Exchange Notes issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date.
EFFECT ON THE HOLDERS OF INITIAL NOTES.....	As a result of the making of, and upon acceptance for exchange of all validly tendered Initial Notes pursuant to the terms of, the Exchange Offer, the Company will have fulfilled the covenant contained in the Exchange and Registration Rights Agreement (the 'Registration Rights Agreement') dated April 22, 1998 among the Company and Goldman, Sachs & Co., Chase Securities, Inc. and Citicorp Securities, Inc. (the 'Initial Purchasers') Accordingly, there will be no increase in the interest rate on the Initial Notes pursuant to the terms of the Registration Rights Agreement, and the holders of the Initial Notes will have no further registration or other rights under the Registration Rights Agreement other than those which survive the Exchange Offer. Holders of the Initial Notes who do not tender their Initial Notes in the Exchange Offer will continue to hold such Initial Notes and will be entitled to all the rights and subject to all the limitations applicable thereto under the Indenture dated April 22, 1998 between the Company and Union Bank of California, N.A., as Trustee, relating to the Initial Notes and the Exchange Notes (the 'Indenture'), except for any such rights under the Registration Rights Agreement that by their terms terminate or cease to have further effectiveness as a result of the making of, and the acceptance for exchange of all validly tendered Initial Notes pursuant to, the Exchange Offer. All untendered Initial Notes will continue to be subject to the restrictions on transfer provided for in the Initial Notes and the Indenture. To the extent that the Initial Notes are tendered and accepted in the Exchange Offer, the trading market for untendered Initial Notes could be adversely affected.
CONSEQUENCE OF FAILURE TO EXCHANGE.....	Initial Notes that are not exchanged for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Initial Notes as set forth in the legend thereon and in the Indenture.

	The Company currently does not anticipate that it will register any Initial Notes which are not exchanged pursuant to the Exchange Offer under the Securities Act after the Expiration Date.
FEDERAL INCOME TAX CONSEQUENCES.....	The exchange pursuant to the Exchange Offer should not result in gain or loss to the holders or the Company for federal income tax purposes.
EXCHANGE AGENT.....	Union Bank of California, N.A. (the 'Exchange Agent') is serving as exchange agent in connection with the Exchange Offer. Union Bank of California, N.A. also serves as the Trustee under the Indenture.

TERMS OF THE EXCHANGE NOTES

SECURITIES OFFERED.....	$150 million aggregate principal amount of 9 1/2% Senior Subordinated Notes due 2008.
MATURITY DATE.....	May 1, 2008.
INTEREST PAYMENT DATES.....	May 1 and November 1, commencing November 1, 1998.
OPTIONAL REDEMPTION.....	The Exchange Notes will be redeemable at the option of the Company, in whole or in part, at any time on or after May 1, 2003, at the redemption prices set forth herein plus accrued and unpaid interest to the date of redemption. In addition, if on or before May 1, 2001 one or more Public Equity Offerings (as defined in the Indenture) are completed, the Company, at its option, may redeem in the aggregate up to one-third of the original principal amount of the Exchange Notes at a redemption price equal to 109.50% of the aggregate principal amount so redeemed plus accrued and unpaid interest to the redemption date, with the net proceeds of such Public Equity Offerings, provided that at least two-thirds of the original principal amount of the Exchange Notes remains outstanding immediately after the occurrence of any such redemption.
RANKING.....	The Exchange Notes will be general unsecured obligations of PVH, subordinated in right of payment to all existing and future Senior Debt (as defined in the Indenture). The Notes will also be effectively subordinated to all existing and future liabilities of the Company's Subsidiaries. As of May 3, 1998, after giving effect to each of the Initial Notes Offering and the senior credit facility (the 'Credit Facility') and the use of proceeds therefrom, the Company has approximately $148 million principal amount of Senior Debt represented by borrowings under its Credit Facility and the Initial Notes and approximately $147 million of Senior Debt represented by letters of credit. In addition, the Company has an additional approximately $130 million of unused credit capacity available under its Credit Facility. The indebtedness under the Credit Facility is Senior Debt.

	The existing Senior Debt is, and any future indebtedness under the Credit Facility generally will be, secured by substantially all of the Company's assets.
CHANGE OF CONTROL.....	In the event of a Change of Control (as defined in the Indenture), the Company will be required to offer to repurchase the Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest to the date of purchase.
ASSET SALE PROCEEDS.....	The Company may not make any Asset Disposition (as defined in the Indenture) in one or more related transactions, unless (i) the Company receives fair market value, as determined by the Board of Directors, (ii) 85% of the consideration consists of cash, readily marketable cash equivalents or the assumption of debt of the Company, and (iii) all Net Available Proceeds (as defined in the Indenture), less any amounts invested or committed to be invested within 365 days of such disposition in assets related to the business of the Company or applied to permanently repay Senior Debt, are applied to (a) the repayment of Senior Debt then outstanding, (b) make an offer to purchase any outstanding Notes at par, and (c) any other use not otherwise prohibited by the Indenture.
CERTAIN COVENANTS.....	The Indenture contains covenants for the benefit of the holders of Exchange Notes that, among other things, restrict the ability of the Company to: (i) incur additional Debt (as defined in the Indenture), (ii) pay dividends or make distributions, (iii) incur liens, (iv) enter into transactions with affiliates, or (v) merge or consolidate the Company.

USE OF PROCEEDS

The Company will not receive any proceeds from the issuance of the Exchange Notes in exchange for the Initial Notes.

RISK FACTORS

Holders of Initial Notes should consider carefully the matters set forth under 'Risk Factors', as well as the other information and financial statements and data included in this Prospectus.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated financial information for each of the five years ended February 1, 1998 has been derived from the consolidated financial statements of the Company which have been audited by Ernst & Young LLP, independent auditors. The consolidated results of operations for 1994, 1995 and 1997 include non-recurring charges related principally to a series of actions the Company has taken to accelerate the execution of its ongoing strategy to build its brands. The adjusted statements of operations data and segment data segregate the non-recurring charges from the Company's ongoing operations. 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included elsewhere herein discusses the Company's results of operations before the non-recurring charges. The following summary consolidated financial information for each of the thirteen weeks ended May 4, 1997 and May 3, 1998 have been derived from the unaudited condensed consolidated financial statements of the Company and are subject to year-end adjustments; however, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods. The results of operations for the interim periods are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors.

	52 WEEKS ENDED JANUARY 30, 1994	52 WEEKS ENDED JANUARY 29, 1995	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998	13 WEEKS ENDED MAY 4, 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)
STATEMENT OF OPERATIONS DATA						
Net sales	$1,152,394	$1,255,466	$1,464,128	$1,359,593	$1,350,007	$ 285,925
Cost of goods sold	747,555	845,655	987,921	910,517	937,965	186,957
Gross profit	$ 404,839	$ 409,811	$ 476,207	$ 449,076	$ 412,042	$ 98,968
Selling, general and administrative expenses	324,528	353,109	428,634	401,338	412,495	100,654
Facility and store closing, restructuring and other expenses	--	7,000	27,000	--	86,700	--
Income (loss) before Year 2000 computer conversion expenses, interest and taxes	$ 80,311	$ 49,702	$ 20,573	$ 47,738	$ (87,153)	$ (1,686)
Year 2000 computer conversion expenses	--	--	--	--	--	--
Income (loss) before interest and taxes	$ 80,311	$ 49,702	$ 20,573	$ 47,738	$ (87,153)	$ (1,686)
Interest expense, net	16,679	12,793	23,199	23,164	20,672	4,932
Income (loss) before taxes	$ 63,632	$ 36,909	$ (2,626)	$ 24,574	$ (107,825)	$ (6,618)
Income tax expense (benefit)	20,380	6,894	(2,920)	6,044	(41,246)	(2,078)
Extraordinary loss	11,394	--	--	--	--	--
Net income (loss)	$ 31,858	$ 30,015	$ 294	$ 18,530	$ (66,579)	$ (4,540)
Net income (loss) per share:						
Basic	$ 1.22 (1)	$ 1.13	$ 0.01	$ 0.69	$ (2.46)	$ (0.17)
Diluted	$ 1.18 (1)	$ 1.11	$ 0.01	$ 0.68	$ (2.46)	$ (0.17)
ADJUSTED STATEMENT OF OPERATIONS DATA (BEFORE NON-RECURRING CHARGES)						
Net sales	$1,152,394	$1,255,466	$1,464,128	$1,359,593	$1,350,007	$ 285,925
Cost of goods sold	747,555	845,655	987,921	910,517	937,965	186,957
Non-recurring charges	--	--	--	--	(46,000)	--
Gross profit before non-recurring charges	$ 404,839	$ 409,811	$ 476,207	$ 449,076	$ 458,042	$ 98,968
SG&A expenses and non-recurring charges	324,528	360,109	455,634	401,338	499,195	100,654
Non-recurring charges	--	(7,000)	(27,000)	--	(86,700)	--
SG&A expenses before non-recurring charges	$ 324,528	$ 353,109	$ 428,634	$ 401,338	$ 412,495	$ 100,654
Income (loss) before Year 2000 computer conversion expenses, interest, taxes and non-recurring charges	80,311	56,702	47,573	47,738	45,547	(1,686)
Year 2000 computer conversion expenses	--	--	--	--	--	--
Income (loss) before interest, taxes and non-recurring charges	80,311	56,702	47,573	47,738	45,547	(1,686)
Interest expense, net	16,679	12,793	23,199	23,164	20,672	4,932
Income (loss) before taxes, non-recurring charges and extraordinary item	$ 63,632	$ 43,909	$ 24,374	$ 24,574	$ 24,875	$ (6,618)

	13 WEEKS ENDED MAY 3, 1998
	(unaudited)
STATEMENT OF OPERATIONS DATA	
Net sales	$ 295,765
Cost of goods sold	193,257
Gross profit	$ 102,508
Selling, general and administrative expenses	101,954
Facility and store closing, restructuring and other expenses	--
Income (loss) before Year 2000 computer conversion expenses, interest and taxes	554
Year 2000 computer conversion expenses	(2,000)
Income (loss) before interest and taxes	$ (1,446)
Interest expense, net	5,466
Income (loss) before taxes	$ (6,912)
Income tax expense (benefit)	(2,427)
Extraordinary loss	1,060
Net income (loss)	$ (5,545)
Net income (loss) per share:	
Basic	$ (0.20)(2)
Diluted	$ (0.20)(2)
ADJUSTED STATEMENT OF OPERATIONS DATA (BEFORE NON-RECURRING CHARGES)	
Net sales	$ 295,765
Cost of goods sold	193,257
Non-recurring charges	--
Gross profit before non-recurring charges	$ 102,508
SG&A expenses and non-recurring charges	101,954
Non-recurring charges	--
SG&A expenses before non-recurring charges	$ 101,954
Income (loss) before Year 2000 computer conversion expenses, interest, taxes and non-recurring charges	554
Year 2000 computer conversion expenses	(2,000)
Income (loss) before interest, taxes and non-recurring charges	(1,446)
Interest expense, net	5,466
Income (loss) before taxes, non-recurring charges and extraordinary item	$ (6,912)

	52 WEEKS ENDED JANUARY 30, 1994	52 WEEKS ENDED JANUARY 29, 1995	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998	13 WEEKS ENDED MAY 4, 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)
SEGMENT DATA (BEFORE NON-RECURRING CHARGES)						
Net sales -- apparel	$ 757,452	$ 812,993	$1,006,701	$ 897,370	$ 911,047	$ 193,298
Net sales -- footwear and related products	394,942	442,473	457,427	462,223	438,960	92,627
Total net sales	$1,152,394	$1,255,466	$1,464,128	$1,359,593	$1,350,007	$ 285,925
Operating income (loss) -- apparel	$ 53,645	$ 35,994	$ 37,432	$ 30,021	$ 45,416	$ (544)
Operating income -- footwear and related products	39,638	31,207	23,026	32,888	15,382	2,648
Total operating income	$ 93,283	$ 67,201	$ 60,458	$ 62,909	$ 60,798	$ 2,104
Corporate expenses	(12,972)	(10,499)	(12,885)	(15,171)	(15,251)	(3,790)
Income (loss) before Year 2000 computer conversion expenses, interest, taxes, non-recurring charges and extraordinary item	$ 80,311	$ 56,702	$ 47,573	$ 47,738	$ 45,547	$ (1,686)
OTHER DATA						
EBITDA (before non-recurring charges)(3)	$ 99,893	$ 81,467	$ 81,313	$ 77,176	$ 70,847	$ 5,296
Capital expenditures	47,866	53,140	39,773	22,578	17,923	3,354
Depreciation and amortization	19,582	24,765	33,740	29,438	25,300	6,982
Cash dividends	3,920	3,984	4,007	4,050	4,065	2,030
Ratio of EBITDA to interest expense(4)	6.0 x	5.8 x	2.3 x	3.3 x	--	1.1x
Ratio of adjusted EBITDA (before non-recurring charges) to interest expense	6.0 x	6.4 x	3.5 x	3.3 x	3.4 x (6)	N/A
Ratio of earnings to fixed charges(5)	2.7 x	2.0 x	--	1.5 x	--	--
Ratio of adjusted earnings (before non-recurring charges) to fixed charges	2.7 x	2.2 x	1.5 x	1.5 x	1.5 x (6)	N/A
Ratio of total debt to adjusted EBITDA (before non-recurring charges)	1.7 x	2.1 x	3.7 x	2.8 x	3.5 x	50.7x
Ratio of total debt to capital	40.8 %	38.2 %	52.3 %	43.1 %	53.0 %	48.6%

	13 WEEKS ENDED MAY 3, 1998
SEGMENT DATA (BEFORE NON-RECURRING CHARGES)	
Net sales -- apparel	$ 205,389
Net sales -- footwear and related products	90,376
Total net sales	$ 295,765
Operating income (loss) -- apparel	$ 3,226
Operating income -- footwear and related products	581
Total operating income	$ 3,807
Corporate expenses	(3,253)
Income (loss) before Year 2000 computer conversion expenses, interest, taxes, non-recurring charges and extraordinary item	$ 554
OTHER DATA	
EBITDA (before non-recurring charges)(3)	$ 5,339
Capital expenditures	3,553
Depreciation and amortization	6,785
Cash dividends	2,038
Ratio of EBITDA to interest expense(4)	1.0x(7)
Ratio of adjusted EBITDA (before non-recurring charges) to interest expense	N/A
Ratio of earnings to fixed charges(5)	--(7)
Ratio of adjusted earnings (before	

non-recurring charges) to fixed charges	N/A
Ratio of total debt to adjusted EBITDA (before non-recurring charges)	55.7x
Ratio of total debt to capital	58.3%

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(1) Basic and diluted net income per share for the 52 weeks ended January 30, 1994 are net of $0.44 and $0.42, respectively, related to an extraordinary loss on the early retirement of debt.

(2) Basic and diluted net loss per share for the 13 weeks ended May 3, 1998 include $(0.04) related to an extraordinary loss on the early retirement of debt.

(3) EBITDA is defined as earnings before extraordinary item, interest expense, taxes, depreciation and amortization. EBITDA is presented because the Company believes it is a widely accepted financial indicator of an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, as an indicator of the operating performance of the Company or other consolidated operations or cash flow data prepared in accordance with generally accepted accounting principles, or as an alternative to cash flows as a measure of liquidity.

(4) As a result of the non-recurring charges recorded in the 52 weeks ended February 1, 1998, EBITDA was a loss and the ratio of EBITDA to interest expense is not presented.

(5) The ratio of earnings to fixed charges is computed by dividing fixed charges of the Company into earnings before extraordinary item and taxes, plus fixed charges. Fixed charges represent interest expense, amortization of discounts and costs associated with this offering and the portion of rental payments associated with leases which is deemed to be representative of the interest factor. As a result of the non-recurring charges recorded in each of the 52 weeks ended January 28, 1996 and February 1, 1998, earnings were inadequate to cover fixed charges by $2,626 and $107,825, respectively. In each of the 13 weeks ended May 4, 1997 and May 3, 1998, earnings were inadequate to cover fixed charges by $6,618 and $6,912, respectively.

(6) If the Initial Notes had been issued and the Credit Facility had been in place as of February 3, 1997, the Company's unaudited pro forma ratio of adjusted EBITDA (before non-recurring charges) to interest expense for the 52 weeks ended February 1, 1998 would have been 2.7x and the unaudited pro forma ratio of adjusted earnings (before non-recurring charges) to fixed charges would have been 1.4x (based on an interest rate of 9.5% on the Notes and an assumed interest rate of 7.2% on the Credit Facility).

(7) If the Initial Notes had been issued and the Credit Facility had been in place as of February 2, 1998, the Company's unaudited pro forma ratio of EBITDA to interest expense for the 13 weeks ended May 3, 1998 would have been 0.8x and the unaudited pro forma ratio of earnings to fixed charges would have been 0.4x (based on an interest rate of 9.5% for the Notes and an assumed interest rate of 6.4% on the Credit Facility).

	JANUARY 30, 1994	JANUARY 29, 1995	JANUARY 28, 1996	FEBRUARY 2, 1997	FEBRUARY 1, 1998	MAY 4, 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)
BALANCE SHEET DATA						
Working capital	$309,546	$315,637	$ 261,538	$ 240,692	$ 251,683	$ 236,951
Total assets	554,771	596,284	749,055	657,436	660,459	697,835
Current portion of long-term debt	245	260	10,137	10,157	--	10,157
Long-term debt	169,934	169,679	229,548	189,398	241,004	189,399
Stockholders' equity	246,799	275,460	275,292	290,158	220,305	283,693

	MAY 3, 1998
	(unaudited)
BALANCE SHEET DATA	
Working capital	$ 248,491
Total assets	690,245
Current portion of long-term debt	--
Long-term debt	249,349
Stockholders' equity	212,797

NON-RECURRING RESTRUCTURING CHARGES. The Company recorded pre-tax restructuring charges of $132.7 million ($85.5 million after tax) in 1997 related to a series of actions the Company has taken toward (i) exiting all United States mainland footwear manufacturing with the closing of its Wilton, Maine footwear manufacturing facility; (ii) exiting the sweater manufacturing business with the sale and liquidation of its Puerto Rico sweater operations; (iii) consolidating and closing manufacturing, warehouse and distribution facilities, as well as restructuring other logistical and administrative areas, in order to reduce product costs and operating expenses and improve efficiencies; (iv) repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe; (v) closing 150 additional underperforming factory outlet retail stores; and (vi) modifying a repositioning of Bass, including the liquidation of a resulting excess inventory. Of these charges, approximately $91.9 million include cash outlays, with the balance, $40.8 million, being non-cash. These restructuring initiatives will enable the Company significantly to reduce future operating expenses and product costs. It is expected that the cost savings initiatives will aggregate in excess of $40 million in the period 1998 to 2000, and exceed $20 million annually by 2000.

The restructuring initiatives related to the 1995 charge of $27.0 million ($17.0 million after tax) were the closing of three domestic shirt manufacturing facilities, closing approximately 300 underperforming retail outlet stores and the reorganization of the Company's management structure to enhance the Company's focus on its brands.

The restructuring initiatives related to the 1994 charge of $7.0 million ($4.2 million after tax) were the restructuring of wholesale and retail operations and the closing of the Company's private label retail stores.

RISK FACTORS

In addition to the other information set forth or incorporated by reference herein, holders of Initial Notes should consider carefully the following information.

LEVERAGE AND ABILITY TO SERVICE DEBT

As of May 3, 1998 the Company had approximately $297 million of indebtedness, which represents 58.3% of its total capitalization and had an additional approximately $130 million of unused credit capacity available under the Credit Facility. See 'Capitalization'. In addition, the Company's debt instruments allow the Company to incur additional indebtedness under certain circumstances. The ability of the Company to make payments with respect to the Exchange Notes and to satisfy its other debt obligations will depend on the Company's future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Company's control.

As a result of the issuance of the Initial Notes, the Company's interest expense has increased compared to prior years (although after giving effect to each of the Initial Notes Offering and the Credit Facility and the use of proceeds therefrom, the Company's total level of debt will be substantially unchanged). The Company believes, based on current circumstances, that the Company's cash flow, together with available credit capacity under the Credit Facility, will be sufficient to permit the Company to meet its operating expenses and capital expenditures and to service its debt requirements as they become due for the foreseeable future. If the Company is unable to service its indebtedness, it will be required to adopt alternative strategies, which may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness or seeking additional equity capital. There can be no assurance that any of these strategies could be effected on satisfactory terms.

The degree to which the Company is leveraged could have important consequences to holders of the Exchange Notes, including (i) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired; (ii) under this offering and the Credit Facility, a substantial portion of the Company's cash flows from operations may be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Company for its operations; (iii) certain of the Company's indebtedness contain financial and other restrictive covenants, including those restricting the incurrence of additional indebtedness, the creation of liens, the payment of dividends, sales of assets and minimum net worth requirements; (iv) the Credit Facility will continue to be at variable rates of interest which exposes the Company to the risk of interest rate volatility; (v) the Company may be more leveraged than certain of its competitors, which may place the Company at a relative competitive disadvantage; and (vi) the Company's high degree of indebtedness could make it more vulnerable in the event of a downturn in its business. As a result of the Company's level of indebtedness, its financial capacity to respond to market conditions, extraordinary capital needs and other factors may be limited.

SUBORDINATION

The payment of principal of and interest on, and any premium or other amounts owing in respect of, the Exchange Notes will be subordinated to the prior payment in full of all existing and future Senior Debt of the Company, including all amounts owing under the Credit Facility. The Notes will be effectively subordinated to all existing and future liabilities of the Subsidiaries. As of May 3, 1998, the aggregate amount of Senior Debt of the Company was approximately $148 million. The existing Senior Debt is, and any future indebtedness under the Credit Facility generally will be, secured by the Company's assets. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to PVH, assets of PVH will be available to pay obligations under the Exchange Notes only after all Senior Debt has been paid in full, and there can be no assurance that there will be sufficient assets to pay amounts due on the Exchange Notes. In addition, under certain circumstances, PVH may be prohibited by the subordination provisions of the Indenture from paying amounts due in respect of the Exchange Notes, or from purchasing, redeeming or otherwise acquiring Exchange Notes,

if a payment or non-payment default exists with respect to Senior Debt. See 'Description of Exchange Notes'.

RESTRICTIONS IMPOSED BY THE CREDIT FACILITY AND THE INDENTURE

The Credit Facility and the Indenture contain a number of significant covenants that, among other things, limit or restrict the ability of the Company to dispose of assets, incur additional indebtedness, repay other indebtedness, pay dividends, enter into certain investments or acquisitions, repurchase or redeem capital stock, engage in mergers or consolidations, or engage in certain transactions with subsidiaries and affiliates and otherwise restrict corporate activities. There can be no assurance that such limitations and restrictions will not adversely affect the Company's ability to finance its future operations or capital needs or engage in other business activities that may be in the interest of the Company. In addition, the Credit Facility also requires the Company to maintain compliance with certain financial ratios. The ability of the Company to comply with such ratios may be affected by events beyond the Company's control. A breach of any of these covenants or the inability of the Company to comply with the required financial ratios could result in a default under the Credit Facility. In the event of any such default, the lenders under the Credit Facility could elect to declare all borrowings outstanding under the Credit Facility, together with accrued interest and other fees, to be due and payable, to require the Company to apply all of its available cash to repay such borrowings or to prevent the Company from making debt service payments on the Exchange Notes. If the Company were unable to repay any such borrowings when due, the lenders could proceed against their collateral. If the indebtedness under the Credit Facility or the Exchange Notes were to be accelerated, there can be no assurance that the assets of the Company would be sufficient to repay such indebtedness in full. See 'Description of Exchange Notes' and 'Description of Senior Debt'.

POTENTIAL INABILITY TO REPURCHASE NOTES UPON A CHANGE OF CONTROL

Upon the occurrence of a Change of Control, PVH will be required to offer to repurchase the Exchange Notes at 101% of the principal amount of the Notes, together with accrued or unpaid interest, if any, to the date of purchase. In such circumstances, the Company will be required to (i) repay all or a portion of the outstanding principal of, and pay any accrued interest on, its Senior Debt, including indebtedness under the Credit Facility or (ii) obtain any requisite consent from its lenders to permit the purchase of the Exchange Notes. If PVH is unable to repay all of such indebtedness or is unable to obtain the necessary consents, PVH may be unable to offer to repurchase the Exchange Notes, which would constitute an Event of Default under the Indenture. There can be no assurance that PVH will have sufficient funds available at the time of any Change of Control to make any debt payment (including repurchases of the Exchange Notes) as described above or that PVH would be able to refinance its outstanding indebtedness in order to permit it to repurchase the Exchange Notes or, if such refinancing were to occur, that such financing would be on terms favorable to the Company. See 'Description of Exchange Notes'.

The events that constitute a Change of Control under the Indenture may also be events of default under the Credit Facility or other Senior Debt of the Company. Such events may permit the holders under such debt instruments to accelerate the debt and, if the debt is not paid, to enforce security interests on, or commence litigation that could ultimately result in a sale of, substantially all of the assets of the Company, thereby limiting the Company's ability to raise cash to repurchase the Exchange Notes.

CONSEQUENCES OF A FAILURE TO EXCHANGE INITIAL NOTES

The Initial Notes have not been registered under the Securities Act or any state securities laws and therefore may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities laws, or pursuant to an exemption therefrom or in a transaction not subject thereto, and in each case in compliance with certain other conditions and restrictions. Initial Notes that remain outstanding after consummation of the Exchange Offer will continue to bear a legend reflecting such restrictions on transfer. In addition, upon consummation of the Exchange Offer, holders of Initial Notes that remain outstanding will not be entitled

to any rights under the Registration Rights Agreement that by their terms terminate or cease to have further effectiveness as a result of the making of this Exchange Offer, including an increase in the interest rates on the Initial Notes. The Company does not currently anticipate that it will register the Initial Notes under the Securities Act.

The Initial Notes were issued to, and the Company believes are currently owned by, a small number of beneficial owners. Although the Initial Notes have been designated for trading in the PORTAL Market, to the extent that Initial Notes are tendered and accepted in connection with the Exchange Offer, any trading market for Initial Notes that remain outstanding after the Exchange Offer could be adversely affected.

ABSENCE OF PUBLIC MARKET FOR THE EXCHANGE NOTES

The Exchange Notes are being offered to the holders of the Initial Notes and are designated for trading in the PORTAL market. The Company does not intend to apply for a listing of the Exchange Notes on a securities exchange. There is currently no established market for the Exchange Notes and there can be no assurance as to the liquidity of markets that may develop for the Exchange Notes, the ability of the holders of the Exchange Notes to sell their Exchange Notes or the price at which such holders would be able to sell their Exchange Notes. If such markets were to exist, the Exchange Notes could trade at prices that may be lower than the initial market values thereof depending on many factors, including prevailing interest rates and the markets for similar securities.

The liquidity of, and trading market for, the Exchange Notes also may be adversely affected by general declines in the market for similar securities.

CYCLICAL AND COMPETITIVE NATURE OF APPAREL AND FOOTWEAR INDUSTRIES

Competition is strong in the segments of the apparel and footwear industries in which the Company operates. The Company competes with numerous domestic and foreign designers, brands and manufacturers of apparel, accessories and shoes, some of which may be significantly larger and more diversified and have greater resources than the Company. The Company's business depends on its ability to keep up with and respond to changing consumer tastes and demands by producing attractive quality products, brands and marketing, as well as on its ability to remain competitive in the area of fashion and price. The failure of the Company to compete effectively or to keep pace with rapidly changing markets could have a material adverse effect on the Company's business. See 'Business'. Despite the use of its EDI, there can be no assurance that the Company will continue to be successful in this regard. Weak sales and resulting markdown requests from customers and markdowns at its retail stores could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, if the Company misjudges the market for its products, it may be faced with significant excess inventories for some products and missed opportunities with others. For example, the Company's attempt to reposition the Bass brand to a higher price point during 1997 proved over-aggressive, resulting in an inventory buildup at both the wholesale and retail levels, requiring substantial markdowns at its own retail stores and requiring the Company aggressively to finance the markdowns required by its wholesale customers to sell this inventory.

YEAR 2000

Until recently, computer programs were written using two digits rather than four to define the applicable year. Thus, such programs were unable to properly distinguish between the year 1900 and the year 2000. In October 1996, the Company initiated a comprehensive Year 2000 Project to address this issue. The Company determined that it will need to modify or replace significant portions of its software so that its computer systems will function properly with respect to dates in the year 2000 and beyond. The Company has also initiated discussions with its significant suppliers and large customers to determine the status of their compliance programs. The Company anticipates completing the Year 2000 Project by June 30, 1999. The Company presently believes that the year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and

conversions are not made, or are not completed timely, or the systems of other companies on which the Company's systems and operations rely are not converted on a timely basis, the year 2000 issue could have a material adverse impact on the Company's operations.

USE OF PROCEEDS

The Company will not receive any proceeds from the issuance of the Exchange Notes in exchange for the Initial Notes.

CAPITALIZATION

The following table sets forth the long-term debt and the capitalization of the Company as of May 3, 1998.

	MAY 3, 1998 (IN THOUSANDS, EXCEPT SHARE DATA)
Short-term debt--notes payable	$ 48,000
Long-term debt	
7.75% Debentures due 2023	$ 99,450
9 1/2% Senior Subordinated Notes due 2008	149,229
Other debt	670
Total Long-Term Debt	$249,349
Stockholders' Equity:	
Preferred Stock, par value $100 per share; 150,000 shares authorized; none outstanding	--
Common Stock, par value $1.00 per share, 100,000,000 shares authorized; 27,188,644 shares issued	$ 27,189
Additional capital	117,019
Retained earnings	68,589
Total Stockholders' Equity	$212,797
Total Capitalization and Short-Term Debt	$510,146

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information for each of the five years ended February 1, 1998 has been derived from the consolidated financial statements of the Company which have been audited by Ernst & Young LLP, independent auditors. The consolidated results of operations for 1994, 1995 and 1997 include non-recurring charges related principally to a series of actions the Company has taken to accelerate the execution of its ongoing strategy to build its brands. The adjusted statements of operations data and segment data segregate the non-recurring charges from the Company's ongoing operations. 'Management's Discussion and Analysis of Financial Condition and Results of Operations' included elsewhere herein discusses the Company's results of operations before the non-recurring charges. The following selected consolidated financial information for each of the thirteen weeks ended May 4, 1997 and May 3, 1998 have been derived from the unaudited condensed consolidated financial statements of the Company and are subject to year-end adjustments; however, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods. The results of operations for the interim periods are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors.

	52 WEEKS ENDED JANUARY 30, 1994	52 WEEKS ENDED JANUARY 29, 1995	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998	13 WEEKS ENDED MAY 4, 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)
STATEMENT OF OPERATIONS DATA						
Net sales	$ 1,152,394	$ 1,255,466	$ 1,464,128	$1,359,593	$1,350,007	$285,925
Cost of goods sold	747,555	845,655	987,921	910,517	937,965	186,957
Gross profit	$ 404,839	$ 409,811	$ 476,207	$ 449,076	$ 412,042	$ 98,968
Selling, general and administrative expenses	324,528	353,109	428,634	401,338	412,495	100,654
Facility and store closing, restructuring and other expenses	--	7,000	27,000	--	86,700	--
Income (loss) before Year 2000 computer conversion expenses, interest and taxes	$ 80,311	$ 49,702	$ 20,573	$ 47,738	$ (87,153)	$ (1,686)
Year 2000 computer conversion expenses	--	--	--	--	--	--
Income (loss) before interest, taxes and non-recurring charges	$ 80,311	$ 49,702	$ 20,573	$ 47,738	$ (87,153)	$ (1,686)
Interest expense, net	16,679	12,793	23,199	23,164	20,672	4,932
Income (loss) before taxes	$ 63,632	$ 36,909	$ (2,626)	$ 24,574	$ (107,825)	$ (6,618)
Income tax expense (benefit)	20,380	6,894	(2,920)	6,044	(41,246)	(2,078)
Extraordinary loss	11,394	--	--	--	--	--
Net income (loss)	$ 31,858	$ 30,015	$ 294	$ 18,530	$ (66,579)	$ (4,540)
Net income (loss) per share:						
Basic	$ 1.22(1)	$ 1.13	$ 0.01	$ 0.69	$ (2.46)	$ (0.17)
Diluted	$ 1.18(1)	$ 1.11	$ 0.01	$ 0.68	$ (2.46)	$ (0.17)
ADJUSTED STATEMENT OF OPERATIONS DATA (BEFORE NON-RECURRING CHARGES)						
Net sales	$ 1,152,394	$ 1,255,466	$ 1,464,128	$1,359,593	$1,350,007	$285,925
Cost of goods sold	747,555	845,655	987,921	910,517	937,965	186,957
Non-recurring charges	--	--	--	--	(46,000)	--
Gross profit before non-recurring charges	$ 404,839	$ 409,811	$ 476,207	$ 449,076	$ 458,042	$ 98,968
SG&A expenses and non-recurring charges	324,528	360,109	455,634	401,338	499,195	100,654
Non-recurring charges	--	(7,000)	(27,000)	--	(86,700)	--
SG&A expenses before non-recurring charges	$ 324,528	$ 353,109	$ 428,634	$ 401,338	$ 412,495	$100,654
Income (loss) before Year 2000 computer conversion expenses, interest, taxes and non-recurring charges	80,311	56,702	47,573	47,738	45,547	(1,686)
Year 2000 computer conversion expenses	--	--	--	--	--	--
Income (loss) before interest, taxes and non-recurring charges	80,311	56,702	47,573	47,738	45,547	(1,686)
Interest expense, net	16,679	12,793	23,199	23,164	20,672	4,932
Income (loss) before taxes, non-recurring charges and						

extraordinary item.....	$ 63,632	$ 43,909	$ 24,374	$ 24,574	$ 24,875	$ (6,618)

	13 WEEKS ENDED MAY 3, 1998
	(unaudited)
STATEMENT OF OPERATIONS DATA	
Net sales.....	$295,765
Cost of goods sold.....	193,257
Gross profit.....	$102,508
Selling, general and administrative expenses.....	101,954
Facility and store closing, restructuring and other expenses.....	--
Income (loss) before Year 2000 computer conversion expenses, interest and taxes.....	$ 554
Year 2000 computer conversion expenses.....	(2,000)
Income (loss) before interest, taxes and non-recurring charges.....	$ (1,446)
Interest expense, net.....	5,466
Income (loss) before taxes.....	$ (6,912)
Income tax expense (benefit).....	(2,427)
Extraordinary loss.....	1,060
Net income (loss).....	$ (5,545)
Net income (loss) per share:	
Basic.....	$ (0.20)(2)
Diluted.....	$ (0.20)(2)
ADJUSTED STATEMENT OF OPERATIONS DATA (BEFORE NON-RECURRING CHARGES)	
Net sales.....	$295,765
Cost of goods sold.....	193,257
Non-recurring charges.....	--
Gross profit before non-recurring charges.....	$102,508
SG&A expenses and non-recurring charges.....	101,954
Non-recurring charges.....	--
SG&A expenses before non-recurring charges.....	$101,954
Income (loss) before Year 2000 computer conversion expenses, interest, taxes and non-recurring charges.....	554
Year 2000 computer conversion expenses.....	(2,000)
Income (loss) before interest, taxes and non-recurring charges.....	(1,446)
Interest expense, net.....	5,466
Income (loss) before taxes, non-recurring charges and extraordinary item.....	$ (6,912)

	52 WEEKS ENDED JANUARY 30, 1994	52 WEEKS ENDED JANUARY 29, 1995	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998	13 WEEKS ENDED MAY 4, 1997
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					UNAUDITED
SEGMENT DATA (BEFORE NON-RECURRING CHARGES)						
Net sales -- apparel.....	$ 757,452	$ 812,993	$ 1,006,701	$ 897,370	$ 911,047	$193,298
Net sales -- footwear and related products.....	394,942	442,473	457,427	462,223	438,960	92,627
Total net sales.....	$ 1,152,394	$ 1,255,466	$ 1,464,128	$1,359,593	$1,350,007	$285,925
Operating income (loss) -- apparel.....	$ 53,645	$ 35,994	$ 37,432	$ 30,021	$ 45,416	$ (544)
Operating income -- footwear and related products.....	39,638	31,207	23,026	32,888	15,382	2,648
Total operating income.....	$ 93,283	$ 67,201	$ 60,458	$ 62,909	$ 60,798	$ 2,104
Corporate expenses.....	(12,972)	(10,499)	(12,885)	(15,171)	(15,251)	(3,790)
Income (loss) before Year 2000 computer conversion expenses, interest, taxes, non-recurring charges and extraordinary item.....	$ 80,311	$ 56,702	$ 47,573	$ 47,738	$ 45,547	$ (1,686)
OTHER DATA						
EBITDA (before non-recurring charges)(3).....	$ 99,893	$ 81,467	$ 81,313	$ 77,176	$ 70,847	$ 5,296
Capital expenditures.....	47,866	53,140	39,773	22,578	17,923	3,354
Depreciation and amortization.....	19,582	24,765	33,740	29,438	25,300	6,982
Cash dividends.....	3,920	3,984	4,007	4,050	4,065	2,030
Ratio of EBITDA to interest expense(4).....	6.0x	5.8x	2.3x	3.3x	--	1.1x
Ratio of adjusted EBITDA (before non-recurring charges) to interest expense.....	6.0x	6.4x	3.5x	3.3x	3.4x(6)	N/A
Ratio of earnings to fixed charges(5).....	2.7x	2.0x	--	1.5x	--	--
Ratio of adjusted earnings (before non-recurring charges) to fixed charges.....	2.7x	2.2x	1.5x	1.5x	1.5x(6)	N/A
Ratio of total debt to adjusted EBITDA (before non-recurring charges)...	1.7x	2.1x	3.7x	2.8x	3.5x	50.7x
Ratio of total debt to capital.....	40.8%	38.2%	52.3%	43.1%	53.0%	48.6%

	13 WEEKS ENDED MAY 3, 1998
	UNAUDITED
SEGMENT DATA (BEFORE NON-RECURRING CHARGES)	
Net sales -- apparel.....	$205,389
Net sales -- footwear and related products.....	90,376
Total net sales.....	$295,765
Operating income (loss) -- apparel.....	$ 3,226
Operating income -- footwear and related products.....	581
Total operating income.....	$ 3,807
Corporate expenses.....	(3,253)
Income (loss) before Year 2000 computer conversion expenses, interest, taxes, non-recurring charges and extraordinary item.....	$ 554

OTHER DATA	
EBITDA (before non-recurring charges)(3)	$ 5,339
Capital expenditures	3,553
Depreciation and amortization	6,785
Cash dividends	2,038
Ratio of EBITDA to interest expense(4)	1.0x(7)
Ratio of adjusted EBITDA (before non-recurring charges) to interest expense	N/A
Ratio of earnings to fixed charges(5)	--(7)
Ratio of adjusted earnings (before non-recurring charges) to fixed charges	N/A
Ratio of total debt to adjusted EBITDA (before non-recurring charges)	55.7x
Ratio of total debt to capital	58.3%

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(1) Basic and diluted net income per share for the 52 weeks ended January 30, 1994 are net of $0.44 and $0.42, respectively, related to an extraordinary loss on the early retirement of debt.

(2) Basic and diluted net loss per share for the 13 weeks ended May 3, 1998 include $(0.04) related to an extraordinary loss on the early retirement of debt.

(3) EBITDA is defined as earnings before extraordinary item, interest expense, taxes, depreciation and amortization. EBITDA is presented because the Company believes it is a widely accepted financial indicator of an entity's ability to incur and service debt. EBITDA should not be considered by an investor as an alternative to net income or income from operations, as an indicator of the operating performance of the Company or other consolidated operations or cash flow data prepared in accordance with generally accepted accounting principles, or as an alternative to cash flows as a measure of liquidity.

(4) As a result of the non-recurring charges recorded in the 52 weeks ended February 1, 1998, EBITDA was a loss and the ratio of EBITDA to interest expense is not presented.

(5) The ratio of earnings to fixed charges is computed by dividing fixed charges of the Company into earnings before extraordinary item and taxes, plus fixed charges. Fixed charges represent interest expense, amortization of discounts and costs associated with this offering and the portion of rental payments associated with leases which is deemed to be representative of the interest factor. As a result of the non-recurring charges recorded in each of the 52 weeks ended January 28, 1996 and February 1, 1998, earnings were inadequate to cover fixed charges by $2,626 and $107,825, respectively. In each of the 13 weeks ended May 4, 1997 and May 3, 1998, earnings were inadequate to cover fixed charges by $6,618 and $6,912, respectively.

(6) If the Notes had been issued and the Credit Facility had been in place as of February 3, 1997, the Company's unaudited pro forma ratio of adjusted EBITDA (before non-recurring charges) to interest expense for the 52 weeks ended February 1, 1998 would have been 2.7x and the unaudited pro forma ratio of adjusted earnings (before non-recurring charges) to fixed charges would have been 1.4x (based on an interest rate of 9.5% on the Notes and an assumed interest rate of 7.2% on the Credit Facility).

(7) If the Initial Notes had been issued and the Credit Facility had been in place as of February 2, 1998, the Company's unaudited pro forma ratio of EBITDA to interest expense for the 13 weeks ended May 3, 1998 would have been 0.8x and the unaudited pro forma ratio of earnings to fixed charges would have been 0.4x (based on an interest rate of 9.5% for the Notes and an assumed interest rate of 6.4% on the Credit Facility).

	JANUARY 30, 1994	JANUARY 29, 1995	JANUARY 28, 1996	FEBRUARY 2, 1997	FEBRUARY 1, 1998	MAY 4, 1997	MAY 3, 1998
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					(UNAUDITED)	
BALANCE SHEET DATA							
Working capital.....	$ 309,546	$ 315,637	$ 261,538	$240,692	$251,683	$236,951	$248,491
Total assets.....	554,771	596,284	749,055	657,436	660,459	697,835	690,245
Current portion of long-term debt.....	245	260	10,137	10,157	--	10,157	--
Long-term debt.....	169,934	169,679	229,548	189,398	241,004	189,399	249,349
Stockholders' equity....	246,799	275,460	275,292	290,158	220,305	283,693	212,797

NON-RECURRING RESTRUCTURING CHARGES. The Company recorded pre-tax restructuring charges of $132.7 million ($85.5 million after tax) in 1997 related to a series of actions the Company has taken toward (i) exiting all United States mainland footwear manufacturing with the closing of its Wilton, Maine footwear manufacturing facility; (ii) exiting the sweater manufacturing business with the sale and liquidation of its Puerto Rico sweater operations; (iii) consolidating and closing manufacturing, warehouse and distribution facilities, as well as restructuring other logistical and administrative areas, in order to reduce product costs and operating expenses and improve efficiencies; (iv) repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe; (v) closing 150 additional underperforming factory outlet retail stores; and (vi) modifying a repositioning of Bass, including the liquidation of a resulting excess inventory. Of these charges, approximately $91.9 million include cash outlays, with the balance, $40.8 million, being non-cash. These restructuring initiatives will enable the Company significantly to reduce future operating expenses and product costs. It is expected that the cost savings initiatives will aggregate in excess of $40 million in the period 1998 to 2000, and exceed $20 million annually by 2000.

The restructuring initiatives related to the 1995 charge of $27.0 million ($17.0 million after tax) were the closing of three domestic shirt manufacturing facilities, closing approximately 300 underperforming retail outlet stores and the reorganization of the Company's management structure to enhance the Company's focus on its brands.

The restructuring initiatives related to the 1994 charge of $7.0 million ($4.2 million after tax) were the restructuring of wholesale and retail operations and the closing of the Company's private label retail stores.

RESULTS OF OPERATIONS

Years Ended January 28, 1996, February 2, 1997 and February 1, 1998:

The Company manages and analyzes its operating results by two vertically integrated business segments: (i) apparel and (ii) footwear and related products. As described more fully in the 'Non-Recurring Charges' section of this review, the results of operations for 1997 and 1995 include pre-tax non-recurring charges of $132.7 million and $27 million, respectively.

The following adjusted statements of operations and segment data segregate the non-recurring charges from the Company's ongoing operations, and the review which follows discusses the Company's results of operations before the non-recurring charges.

ADJUSTED STATEMENTS OF OPERATIONS

	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998
		(IN THOUSANDS)	
Net Sales	$ 1,464,128	$ 1,359,593	$ 1,350,007
Cost of goods sold	987,921	910,517	937,965
Non-recurring charges			(46,000)
Gross profit before non-recurring charges	$ 476,207	$ 449,076	$ 458,042
SG&A expenses and non-recurring charges	455,634	401,338	499,195
Non-recurring charges	(27,000)		(86,700)
SG&A expenses before non-recurring charges	$ 428,634	$ 401,338	$ 412,495
Income before interest, taxes and non-recurring charges	47,573	47,738	45,547
Interest expense, net	23,199	23,164	20,672
Income before taxes and non-recurring charges	$ 24,374	$ 24,574	$ 24,875
Income tax expense	7,064	6,044	5,954
Income from ongoing operations before non-recurring charges	$ 17,310	$ 18,530	$ 18,921
Non-recurring charges, net of tax benefit	(17,016)		(85,500)
Net income (loss)	$ 294	$ 18,530	$ (66,579)

ADJUSTED SEGMENT DATA

	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998
		(IN THOUSANDS)	
Net sales -- Apparel	$ 1,006,701	$ 897,370	$ 911,047
Net sales -- Footwear and Related Products	457,427	462,223	438,960
Total net sales	$ 1,464,128	$ 1,359,593	$ 1,350,007
Operating income -- Apparel	$ 37,432	$ 30,021	$ 45,416
Operating income -- Footwear and Related Products	23,026	32,888	15,382
Total operating income	60,458	62,909	60,798
Corporate expenses	(12,885)	(15,171)	(15,251)
Income before interest, taxes and non-recurring charges	$ 47,573	$ 47,738	$ 45,547

APPAREL

Net sales of the Company's apparel segment were $911.0 million in 1997 compared with $897.4 million in 1996 and $1,006.7 million in 1995. In both 1997 and 1996, sales growth was limited by the planned closing of retail outlet stores and the contraction of the private label business, including the closing in 1997 of the Company's sweater manufacturing operations. The Company's sales of wholesale branded products increased 24% and 3% in 1997 and 1996, respectively, to $387.2 million in 1997 from $311.9 million in 1996 and $303.2 million in 1995. The major areas of growth in 1997 were Van Heusen and Geoffrey Beene dress shirts, as well as Izod sportswear.

Gross margin increased to 32.9% in 1997 from 31.3% in 1996 and 31.4% in 1995. All divisions had gross margin improvements with the exception of Izod Club, which experienced a particularly difficult competitive environment. Strong inroads by high-visibility men's department store brands into the 'green grass' channel of distribution serviced by Izod Club caused price pressures which, in turn, led to price promotions and a reduced gross margin. The Company believes that the consolidation during 1997 of Izod Club into the various functional departments of Izod should result in significant cost reductions, as well as provide major improvements in product and product distribution.

Two factors were key to the improvement in gross margin:

1. The closing of underperforming retail outlet stores and the contraction of the less profitable private label business.

2. Improvement, across the board, in product and presentation in all of the Company's brands.

The Company believes these factors should continue in 1998 as the Company's brands continue to improve their positioning in department store accounts and as the Company's marketing efforts continue to increase consumer awareness of the considerable attributes that each of the Company's brands offers.

Selling, general and administrative expenses were 27.9% of net sales in 1997 and 1996 compared with 27.7% in 1995. While overall expense levels have remained flat, there has been a significant shift in the mix of these expenditures to marketing and advertising from more general logistical areas. Included in 1997 were incremental advertising expenses of $15.0 million.

Operating income increased 51.3% in 1997 to $45.4 million compared with $30.0 million in 1996 and $37.4 million in 1995. The Company believes that its wholesale sales gains, gross margin improvement, operating efficiency and marketing investment are all very positive indications of the impact of the Company's strategic initiatives.

FOOTWEAR AND RELATED PRODUCTS

The process of implementing the Company's strategic initiatives has not been without disappointment. In the footwear and related products segment, fiscal 1997 net sales declined 5.0% to $439.0 million compared with $462.2 million in 1996 and $457.4 million in 1995. A closing of retail outlet stores was a factor in the reduction of overall Bass sales in 1997. However, the larger negative factor in 1997 was the disappointing results of the Company's attempt to reposition its Bass brand to higher price points. While the higher price position was endorsed by the Company's wholesale customers, the initiatives were not well executed and did not meet with consumer support, resulting in an inventory build up at both the wholesale level and in the Company's own factory outlet retail stores. To protect its franchise and preserve its wholesale customer relationships, the Company took substantial markdowns in its own retail stores and aggressively financed the markdowns required by its wholesale customers to sell this inventory. Line management responsible for the Bass business has been changed, a decision was made to close the United States mainland footwear manufacturing facilities, and the brand was returned to its historic positioning targeted in the moderate price range as a family oriented, 'Americana'-associated, casual lifestyle brand. The result of these actions was a non-recurring charge to fiscal 1997 earnings of $54.2 million and a decline in footwear and related products operating income (before such charge) of $17.5 million to $15.4 million. Operating income in 1995 was $23.0 million.

Gross margin in 1997 was 36.0% compared with 36.3% in 1996 and 34.9% in 1995. As in all of the Company's branded businesses, the footwear and related products segment represents a combination of wholesale and retail businesses. The sales problems described above caused gross margin reductions across the board as markdown allowances to wholesale customers took place contemporaneously with markdowns taken at the Company's retail outlet stores. However, the much sharper declines in the Company's wholesale sector created a greater weighting to the Company's higher margin retail sector, and this shift offset most of the overall percentage decline. The Company believes that the repositioning of the Bass brand should enable both the mix of business and their respective gross margins to return to more normal levels.

Selling, general and administrative expenses were 32.5% of net sales in 1997 compared with 29.2% in 1996 and 29.9% in 1995. The increase in 1997 was caused principally by increased national advertising as well as a ramping up of design and selling costs to support the upgrading of product and product presentation which was a part of the Bass repositioning.

The Bass misstep is by far the biggest disappointment that the Company has had in executing its brand strategy. However as much as it negatively impacted the Company's results of operations in 1997, and is expected to dampen 1998, the Company believes its impact should be substantially behind the Company by the fall 1998 season. In the process, the Company has strengthened the Bass management team and has substantially redirected the sourcing of Bass product. The Company believes it can lower its costs considerably and build on Bass' historically strong record of profitability.

NON-RECURRING CHARGES

The Company recorded pre-tax non-recurring charges of $132.7 million ($85.5 million after tax) in 1997 related to a series of actions the Company has taken towards:

- Exiting all United States mainland footwear manufacturing with the closing of its Wilton, Maine footwear manufacturing facility;
- Exiting the sweater manufacturing business with the sale and liquidation of its Puerto Rico sweater operations;
- Consolidating and contracting plant and warehouse and distribution facilities as well as restructuring other logistical and administrative areas in order to reduce product costs and operating expenses and improve efficiencies;
- Repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe;
- Closing an additional 150 underperforming retail outlet stores; and
- Modifying a repositioning of Bass, including the liquidation of a resulting excess inventory.

The Company believes that these initiatives will enable the Company to significantly reduce future operating expenses and product costs. It is expected that the actions which gave rise to the 1997 charge will result in aggregate cost savings of over $40 million in the period 1998 to 2000, and will exceed $20 million annually by 2000.

The Company had recorded a pre-tax non-recurring charge of $27.0 million ($17.0 million after tax) in 1995 to provide for the closing of some 300 retail outlet stores, the closing of three domestic shirt manufacturing facilities and a reorganization of the Company's management structure.

CORPORATE EXPENSES

Corporate expenses were $15.3 million in 1997 compared with $15.2 million in 1996 and $12.9 million in 1995. The increase in 1996 compared with 1995 was attributable to an increase in spending relating to information technology.

INTEREST EXPENSE

Interest expense was $20.7 million in 1997 compared with $23.2 million in both 1996 and 1995. A strong cash flow in 1996 reduced overall debt levels early in 1997 and was the principal reason for the reduction in interest expense in 1997. The 1997 restructuring activities, described above, will result in a cash outflow that will likely increase interest expense in 1998. These activities should become cash positive in 1999 with a resulting interest expense reduction.

INCOME TAXES

Excluding the non-recurring charges, the income tax expense rate was 23.9% in 1997, 24.6% in 1996 and 29.0% in 1995. The Company's effective tax rate is lower than statutory rates due to tax exempt income from operations in Puerto Rico, as well as other permanent differences between book income and taxable income.

13 Weeks Ended May 4, 1997 and May 3, 1998:

The following statements of operations and segment data show the Company's results from ongoing operations for the 13 weeks ended May 4, 1997 and May 3, 1998:

STATEMENTS OF OPERATIONS

	THIRTEEN WEEKS ENDED	
	MAY 4, 1997	MAY 3, 1998
	(IN THOUSANDS)	
Net sales	$285,925	$295,765
Cost of goods sold	186,957	193,257
Gross profit	$ 98,968	$102,508
Selling, general and administrative expenses	100,654	101,954
Income (loss) before Year 2000 computer conversion expenses, interest and taxes	$ (1,686)	$ 554
Year 2000 computer conversion expenses		(2,000)
Loss before interest and taxes	$ (1,686)	$ (1,446)
Interest expense, net	4,932	5,466
Loss before taxes	$ (6,618)	$ (6,912)
Income tax benefit	2,078	2,427
Loss from ongoing operations	$ (4,540)	$ (4,485)

SEGMENT DATA

	THIRTEEN WEEKS ENDED	
	MAY 4, 1997	MAY 3, 1998
	(IN THOUSANDS)	
Net sales -- Apparel	$193,298	$205,389
Net sales -- Footwear and Related Products	92,627	90,376
Total net sales	$285,925	$295,765
Operating income (loss) -- Apparel	$ (544)	$ 3,226
Operating income -- Footwear and Related Products	2,648	581
Total operating income	2,104	3,807
Corporate expenses	(3,790)	(3,253)
Income (loss) before Year 2000 computer conversion expenses, interest and taxes	$ (1,686)	$ 554

Excluding Year 2000 computer conversion expenses (net of tax benefit), basic and diluted net loss per share before extraordinary item for the thirteen weeks ended May 3, 1998, would have been ($0.12).

APPAREL

Net sales of the Company's apparel segment in the first quarter were $205.4 million in 1998 and $193.3 million last year, an increase of 6.3%. This increase is due to a 19% increase in branded wholesale apparel sales, offset, in part, by the impact of the planned reduction in the number of retail outlet stores operated by the Company and the sale of the Company's private label sweater manufacturing business in the fourth quarter of 1997.

Gross profit on apparel sales in the first quarter was 33.6% in 1998 compared with 33.0% in the prior year, the fourth consecutive quarter of increased gross profit in this segment. This improvement is primarily a function of the changing mix in the Company's apparel business as evidenced by strong growth in branded wholesale sales and the planned reduction/divestment of underperforming businesses.

Selling, general and administrative expenses as a percentage of apparel sales in the first quarter decreased to 32.0% this year from 33.2% last year. The improved expense level relates principally to the Company's program of closing underperforming retail outlet stores.

FOOTWEAR AND RELATED PRODUCTS

Net sales of the Company's footwear and related products segment in the first quarter were $90.4 million in 1998 and $92.6 million last year, a decrease of 2.4%. This decrease was expected as Bass' sales and gross margins continued to be impacted by the unsuccessful repositioning in 1997 of the Bass brand to higher price points.

Gross profit on footwear and related products sales in the first quarter was 36.8% in 1998 compared with 38.4% in the prior year. As noted above, this decrease was expected. The Bass inventory position is now substantially improved, and the Company believes that the impact of the unsuccessful repositioning in 1997 should be behind it by the third quarter of 1998.

Selling, general and administrative expenses as a percentage of footwear and related products sales in the first quarter were 36.1% this year compared with 35.6% last year. While expense levels were essentially flat, the lower volume of sales caused the percentage relationship to net sales to increase.

INTEREST EXPENSE

Interest expense in the first quarter was $5.5 million in 1998 compared with $4.9 million last year. This increase resulted from increased debt levels associated with funding the Company's 1997 restructuring initiatives. On April 22, 1998, the Company issued $150 million of 9.5% senior subordinated notes due May 1, 2008, and used the net proceeds to retire its intermediate term 7.75% senior notes and reduce its revolving credit debt. At the same time, the Company re-syndicated and refinanced its revolving credit facility with a new $325 million senior secured credit facility with a group of 12 banks. While these refinancings will increase the overall cost of the Company's borrowings, the Company believes they should provide a secure financial base which will allow the Company to focus its attention on the execution of its strategic business plan.

CORPORATE EXPENSES

Corporate expenses in the first quarter were $3.3 million in 1998 compared with $3.8 million last year.

INCOME TAXES

Income taxes were estimated at a rate of 35.1% for the current year compared with last year's first quarter rate of 31.4%. The increase relates principally to the divestment in the fourth quarter of 1997 of the Company's sweater manufacturing operations in Puerto Rico, which had provided income that was exempt from Federal income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Years Ended January 28, 1996, February 2, 1997 and February 1, 1998:

The following table shows key cash flow elements over the last three years:

	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997	52 WEEKS ENDED FEBRUARY 1, 1998
		(IN THOUSANDS)	
Operating activities			
Income from operations before non-recurring charges adjusted for non-cash items	$ 67,328	$ 55,282	$ 42,021
Change in working capital	(35,344)	54,104	(16,275)
Cash flow before non-recurring charges	$ 31,984	$ 109,386	$ 25,746
Non-recurring charges -- cash impact	(6,490)	(7,510)	(34,100)
Working capital acquired(1)	(56,282)	--	--
	$ (30,788)	$ 101,876	$ (8,354)
Investment activities			
Acquisition of Izod and Gant	$ (114,503)	$ --	$ --
Investment in Pyramid Sportswear	(6,950)	--	--
Capital spending	(39,773)	(22,578)	(17,923)
Other, net	--	143	360
	$ (161,226)	$ (22,435)	$ (17,563)
Financing activities			
Cash dividends	$ (4,007)	$ (4,050)	$ (4,065)
Exercise of stock options	1,745	386	791
	$ (2,262)	$ (3,664)	$ (3,274)
Increase (decrease) in cash before net change in debt	$ (194,276)	$ 75,777	$ (29,191)

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(1) Represents working capital related to the acquisition of the Izod and Gant businesses.

As noted in the table above, the Company's cash flow before non-recurring charges was positive in each of the three fiscal years ended February 1, 1998. The cash impact in 1997 of the initiatives covered by the Company's restructuring charges totaled $34.1 million. The principal areas of outflow related to the repositioning of Gant and costs associated with the inventory correction at Bass.

Capital spending in 1997 was $17.9 million compared with $22.6 million in 1996 and $39.8 million in 1995. The reduced level of spending in the latest two years reflects the completion in 1995 of several large capital spending projects, including the Company's new distribution center in North Carolina. In 1998, upon the expiration of the lease at the Company's New York headquarters, the Company anticipates consolidating all of its New York office space into one location. Capital expenditures related to that move are anticipated to be approximately $15 million. Capital expenditures, in total, for 1998 are planned at approximately $40 million. Beyond that, the Company anticipates returning to the lower level of capital expenditures of the past two years.

Total debt as a percentage of total capital was 53.0% at the end of fiscal 1997 compared with 43.1% at the end of fiscal 1996 and 52.3% at the end of fiscal 1995.

In fiscal 1998, the Company anticipates additional cash outflows of approximately $47 million to substantially complete the restructuring programs provided for in 1997. Most of that amount should be funded by cash flow from operations as well as certain of the cash flow benefits stemming from these restructuring moves, particularly the closing of retail stores and the exiting from the capital-intensive sweater manufacturing business. Beyond that, the Company anticipates that the cash flow benefits from

the balance of restructuring together with cash flow from operations should allow it to begin to realize an overall positive cash flow in its individual business units and in the Company as a whole.

Notwithstanding the Company's positive feelings about future cash flow, including the cash impact of the non-recurring charges, the Company believed that it made a great deal of sense to avail itself of the favorable fixed income market to extend the maturities of its existing debt. Therefore, on April 22, 1998, the Company issued $150 million of Senior Subordinated Notes due 2008 and used the proceeds to eliminate its intermediate term senior notes and reduce its revolving credit debt. Accordingly, such debt as of February 1, 1998 has been classified as long-term debt in the 1997 year end balance sheet.

At the same time, the Company re-syndicated and refinanced its revolving credit facility, which was scheduled to mature in early 1999, with a new $325 million senior secured credit facility with a group of 12 banks.

The Company believes that these refinancings should provide a secure financial base and allow the Company to fully focus its attention on the execution of its strategic business plan.

13 Weeks Ended May 4, 1997 and May 3, 1998:

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

Net cash used by operations in the first quarter totalled $37.9 million in 1998 and $39.1 million last year. The Company's seasonal inventory build-up was less than in the prior year due principally to a lower Bass inventory build-up than in the prior year. Partially offsetting the cash flow inventory improvement was a larger increase in trade receivables, due to an increase in wholesale sales, and a larger decrease in accrued expenses, due to spending associated with the Company's 1997 restructuring initiatives.

Capital spending in the first quarter was $3.6 million in 1998 as compared with $3.4 million last year. The Company anticipates a significant increase in overall capital spending levels in 1998 due principally to the anticipated consolidation of its New York City offices into one location.

On April 22, 1998, the Company issued $150 million of 9.5% senior subordinated notes due May 1, 2008, and used the net proceeds to retire its intermediate term 7.75% senior notes and reduce its revolving credit debt. At the same time, the Company re-syndicated and refinanced its revolving credit facility with a new $325 million senior secured credit facility with a group of 12 banks. While these refinancings will increase the overall cost of the Company's borrowings, the Company believes they should provide a secure financial base which will allow the Company to focus its attention on the execution of its strategic business plan. The new revolving credit facility also includes a letter of credit facility with a sub-limit of $250 million provided, however, that the aggregate maximum amount outstanding under both the revolving credit facility and the letter of credit facility is $325 million. The Company believes that its borrowing capacity under these facilities is adequate for its peak seasonal needs in the foreseeable future. In addition, the retirement of the Company's intermediate term 7.75% senior notes eliminates all long-term debt repayment requirements for the next 10 years.

YEAR 2000

Until recently, computer programs were written using two digits rather than four to define the applicable year. Thus, such programs were unable to properly distinguish between the year 1900 and the year 2000. In October 1996, the Company initiated a comprehensive Year 2000 Project to address this issue. The Company determined that it will need to modify or replace significant portions of its software so that its computer systems will function properly with respect to dates in the year 2000 and beyond. The Company has also initiated discussions with its significant suppliers and large customers to determine the status of their compliance programs.

The Company is utilizing both internal and external resources to remediate, or replace, and test the software for year 2000 modifications. The Company anticipates completing the Year 2000 Project by June 30, 1999. The Company incurred $2.0 million of computer conversion expenses in the first quarter of 1998 in connection with making its computer systems Year 2000 compliant. The Company expects to

incur additional Year 2000 computer conversion expenses of approximately $6.5 million in the current year and $8.5 million in 1999.

The cost of the project and the date on which the Company believes it will complete the year 2000 modifications are based on management's estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of resources, third party modification plans and other factors. The Company presently believes that the year 2000 issue will not pose significant operational problems for its computer systems. However, if such modifications and conversions are not made, or are not completed timely, or the systems of other companies on which the Company's systems and operations rely are not converted on a timely basis, the year 2000 issue could have a material adverse impact on the Company's operations.

SEASONALITY

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

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

THE EXCHANGE OFFER

GENERAL

The Company hereby offers, upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal (which together constitute the Exchange Offer), to exchange up to $150 million aggregate principal amount of Exchange Notes for a like aggregate principal amount of Initial Notes properly tendered on or prior to the Expiration Date and not withdrawn as permitted pursuant to the procedures described below. The Exchange Offer is being made with respect to all of the Initial Notes.

As of the date of this Prospectus, the aggregate principal amount of the Initial Notes outstanding is $150 million. This Prospectus, together with the Letter of Transmittal, is first being sent on or about , 1998, to all holders of Initial Notes known to the Company.

PURPOSE OF THE EXCHANGE OFFER

The Initial Notes were issued on April 22, 1998 in a transaction exempt from the registration requirements of the Securities Act. Accordingly, the Initial Notes may not be reoffered, resold, or otherwise transferred unless registered under the Securities Act or any applicable securities law or unless an applicable exemption from the registration and prospectus delivery requirements of the Securities Act is available.

In connection with the issuance and sale of the Initial Notes, the Company entered into the Registration Rights Agreement, which requires the Company to file with the Commission a registration statement relating to the Exchange Offer (the 'Registration Statement') not later than 60 days after the date of original issuance of the Initial Notes, and to use their best efforts to cause the Registration Statement to become effective under the Securities Act as soon as practicable thereafter and to commence the Exchange Offer promptly after such Registration Statement has become effective, hold the Exchange Offer open for at least 30 days and exchange the Exchange Notes for all Initial Notes that have been validly tendered and not withdrawn on or prior to the expiration of the Exchange Offer. A copy of the Registration Rights Agreement has been filed as an exhibit to the Registration Statement.

The term 'holder' with respect to the Exchange Offer, means any person in whose name Initial Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder, or any person whose Initial Notes are held of record by The Depository Trust Company ('DTC'). Other than as pursuant to the Registration Rights Agreement, the Company is not required to file any registration statement to register any outstanding Initial Notes. Holders of Initial Notes who do not tender their Initial Notes or whose Initial Notes are tendered but not accepted would have to rely on exemptions from the registration requirements under the securities laws, including the Securities Act, if they wish to sell their Initial Notes.

TERMS OF THE EXCHANGE

The Company hereby offers to exchange, subject to the conditions set forth herein and in the Letter of Transmittal accompanying this Prospectus, $1,000 in principal amount of Exchange Notes for each $1,000 in principal amount of the Initial Notes. The terms of the Exchange Notes are identical in all material respects to the terms of the Initial Notes for which they may be exchanged pursuant to this Exchange Offer, except that the Exchange Notes generally will be freely transferable by holders thereof and will not be subject to any covenant regarding registration. The Exchange Notes will evidence the same indebtedness as the Initial Notes and will be entitled to the benefits of the Indenture. See 'Description of Exchange Notes'.

The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Initial Notes being tendered for exchange.

The Company is making the Exchange Offer in reliance on the position of the Commission as set forth in certain interpretive letters addressed to third parties in other transactions. However, the Company has not sought its own interpretive letters, and there can be no assurance that the Commission would make a similar determination with respect to the Exchange Notes. Based on these

interpretations by the staff of the Commission, the Company believes that Exchange Notes issued pursuant to the Exchange Offer in exchange for Initial Notes may be offered for sale, resold and otherwise transferred by any holder of such Exchange Notes (other than any such holder that is a broker-dealer or an 'affiliate' of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business and such holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes and neither such holder nor any other such person is engaging in or intends to engage in a distribution of such Exchange Notes. Since the Commission has not considered the Exchange Offer in the context of a no-action letter, there can be no assurance that the staff of the Commission would make a similar determination with respect to the Exchange Offer. See '-- Resale of Exchange Notes' and 'Plan of Distribution'.

Interest on the Exchange Notes shall accrue from the last Interest Payment Date on which interest was paid on the Initial Notes so surrendered or, if no interest has been paid on such Notes, from April 22, 1998.

Tendering holders of the Initial Notes shall not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of the Initial Notes pursuant to the Exchange Offer.

EXPIRATION DATE; EXTENSION

The Exchange Offer will expire at 5:00 p.m., New York City time, on the Expiration Date. The Company expressly reserves the right, at any time or from time to time, to extend the period of time during which the Exchange Offer is open, and thereby delay acceptance for exchange of any Initial Notes, by giving oral or written notice to the Exchange Agent and by giving written notice of such extension to the holders thereof or by timely public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension, all Initial Notes previously tendered will remain subject to the Exchange Offer unless properly withdrawn. The Company does not anticipate extending the Expiration Date.

For purposes of the Exchange Offer, a 'business day' means any day excluding Saturday, Sunday or any other day which is a legal holiday under the laws of New York, New York or is a day on which banking institutions therein located are authorized or required by law or other governmental action to close.

PROCEDURES FOR TENDERING INITIAL NOTES

The tender to the Company of Initial Notes by a holder thereof as set forth below and the acceptance thereof by the Company will constitute a binding agreement between the tendering holder and the Company upon the terms and subject to the conditions set forth in this Prospectus and in the accompanying Letter of Transmittal. Except as set forth below, a holder who wishes to tender Initial Notes for exchange pursuant to the Exchange Offer must transmit either (i) a properly completed and duly executed Letter of Transmittal, including all other documents required by such Letter of Transmittal, to the Exchange Agent, at the address set forth below under '-- Exchange Agent' on or prior to the Expiration Date, or (ii) if such Initial Notes are tendered pursuant to the procedures for book-entry transfer set forth below under '-- Book-Entry Transfer', a holder tendering Initial Notes may transmit an Agent's Message (as defined herein) to the Exchange Agent in lieu of the Letter of Transmittal, in either case on or prior to the Expiration Date. In addition, either (i) certificates for such Initial Notes must be received by the Exchange Agent along with the Letter of Transmittal, (ii) a timely confirmation of a book-entry transfer (a 'Book-Entry Confirmation') of such Initial Notes, if such procedure is available, into the Exchange Agent's account at the DTC (the 'Book-Entry Transfer Facility') pursuant to the procedure for book-entry transfer described below, along with the Letter of Transmittal or an Agent's Message, as the case may be, must be received by the Exchange Agent prior to the Expiration Date, or (iii) the holder must comply with the guaranteed delivery procedures described below. The term 'Agent's Message' means a message, transmitted to the Book-Entry Transfer Facility and received by the Exchange Agent and forming a part of the Book-Entry Confirmation, which states that the Book-Entry Transfer Facility

has received an express acknowledgement from the tendering holder that such holder has received and agrees to be bound by the Letter of Transmittal and the Company may enforce the Letter of Transmittal against such holder. THE METHOD OF DELIVERY OF INITIAL NOTES, LETTERS OF TRANSMITTAL OR AGENT'S MESSAGES AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL OR INITIAL NOTES SHOULD BE SENT TO THE COMPANY.

If tendered, Initial Notes are registered in the name of the signer of the Letter of Transmittal, and the Exchange Notes to be issued in exchange therefor are to be issued (and any untendered Initial Notes are to be reissued) in the name of the registered holder (which term, for the purposes described herein, shall include any participant in the Book-Entry Transfer Facility's system whose name appears on a security listing as the owner of Initial Notes), the signature of such signer need not be guaranteed. In any other case, the tendered Initial Notes must be endorsed or accompanied by written instruments of transfer in form satisfactory to the Company and duly executed by the registered holder, and the signature on the endorsement or instrument of transfer must be guaranteed by a bank, broker, dealer, credit union, savings association, clearing agency or other institution (each, an 'Eligible Institution') that is a member of a recognized signature guarantee medallion program within the meaning of Rule 17Ad-15 under the Exchange Act. If the Exchange Notes and/or Initial Notes not exchanged are to be delivered to an address other than that of the registered holder appearing on the note register for the Initial Notes, the signature in the Letter of Transmittal must be guaranteed by an Eligible Institution.

A tender will be deemed to have been received as of the date when (i) the tendering holder's properly completed and duly executed Letter of Transmittal accompanied by the Initial Notes is received by the Exchange Agent, or (ii) a Notice of Guaranteed Delivery (as provided below) or letter, telegram or facsimile transmission to similar effect from an Eligible Institution is received by the Exchange Agent. Issuances of Exchange Notes in exchange for Initial Notes tendered pursuant to a Notice of Guaranteed Delivery or letter, telegram or facsimile transmission to similar effect (as provided below) by an Eligible Institution will be made only against deposit of the Letter of Transmittal (and any other required documents) and the tendered Initial Notes.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Letters of Transmittal or Initial Notes tendered for exchange will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of any particular Initial Notes not properly tendered and not to accept any particular Initial Notes for exchange which acceptance might, in the judgment of the Company or its counsel, be unlawful. The Company also reserves the absolute right to waive any defects or irregularities as to any particular Initial Notes or conditions of the Exchange Offer either before or after the Expiration Date (including the right to waive the ineligibility of any holder who seeks to tender Initial Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer (including the Letter of Transmittal and the instructions thereto) by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Initial Notes for exchange must be cured within each reasonable period of time as the Company shall determine. None of the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of Initial Notes for exchange, nor shall any of them incur any liability for failure to give such notification.

If the Letter of Transmittal is signed by a person or persons other than the registered holder or holders of Initial Notes, such Initial Notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders appear on the Initial Notes.

If the Letter of Transmittal or any Initial Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived

by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

By tendering, each holder will represent to the Company that, among other things, (a) Exchange Notes acquired pursuant to the Exchange Offer are being acquired in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is the holder, (b) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such Exchange Notes and (c) neither the holder nor any such other person is an 'affiliate' of the Company as defined under Rule 405 of the Securities Act, or if it is an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. Any holder of Initial Notes using the Exchange Offer to participate in a distribution of the Exchange Notes (i) cannot rely on the position of the staff of the Commission set forth in certain no-action and interpretive letters and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Initial Notes where such Initial Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See 'Plan of Distribution'.

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Initial Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus, and any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Initial Notes by causing the Book-Entry Transfer Facility to transfer such Initial Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Initial Notes may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof, with any required signature guarantees, or an Agent's Message in lieu of a Letter of Transmittal, and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth below under '-- Exchange Agent' on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

GUARANTEED DELIVERY PROCEDURE

If a holder desires to accept the Exchange Offer, and time will not permit a Letter of Transmittal or Initial Notes to reach the Exchange Agent before the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if the Exchange Agent has received at its address set forth below, on or prior to the Expiration Date, a letter by hand or mail, or sent by facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) from an Eligible Institution setting forth the name and address of the tendering holder, the names in which the Initial Notes are registered and, if possible, the certificate numbers of the Initial Notes to be tendered, and stating that the tender is being made thereby and guaranteeing that within three business days after the Expiration Date, the Initial Notes in proper form for transfer or a Book-Entry Confirmation, will be delivered by such Eligible Institution together with a properly completed and duly executed Letter of Transmittal (and any other required documents). Unless Initial Notes being tendered by the above-described method are deposited with the Exchange Agent within the time period set forth above (accompanied or preceded by a properly completed Letter of Transmittal and any other required documents), the Company may, at its option, reject the tender. Copies of the notice of guaranteed delivery ('Notice of Guaranteed Delivery') which may be used by Eligible Institutions for the purposes described in this paragraph are available from the Exchange Agent.

WITHDRAWAL RIGHTS

Tenders of Initial Notes may be withdrawn at any time prior to the Expiration Date.

For a withdrawal to be effective, written notice of withdrawal sent by telegram, facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) or letter must be received by the Exchange Agent at the address set forth herein prior to the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having tendered the Initial Notes to be withdrawn (the 'Depositor'), (ii) identify the Initial Notes to be withdrawn (including the certificate number or numbers of such Initial Notes and the principal amount of each such Initial Note), (iii) specify the principal amount of Initial Notes to be withdrawn, (iv) include a statement that such holder is withdrawing his election to have such Initial Notes exchanged, (v) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such Initial Notes were tendered or as otherwise described above (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee under the Indenture register the transfer of such Initial Notes into the name of the person withdrawing the tender, and (vi) specify the name in which any such Initial Notes are to be registered, if different from that of the Depositor. The Exchange Agent will return the properly withdrawn Initial Notes promptly following receipt of notice of withdrawal. If Initial Notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Initial Notes or otherwise comply with the Book-Entry Transfer Facility procedure. All questions as to the validity, form and eligibility of notices of withdrawals, including time of receipt, will be determined by the Company, and such determination will be final and binding on all parties.

Any Initial Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Initial Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Initial Notes tendered by Book-Entry Transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the Book-Entry Transfer procedures described above, such Initial Notes will be credited to an account with such Book-Entry Transfer Facility specified by the holder) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Initial Notes may be retendered by following one of the procedures described under '-- Procedures for Tendering Initial Notes' above at any time on or prior to the Expiration Date.

ACCEPTANCE OF INITIAL NOTES FOR EXCHANGE DELIVERY OF EXCHANGE NOTES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, the Company will accept, promptly after the Expiration Date, all Initial Notes properly tendered and will issue the Exchange Notes promptly after such acceptance. For purposes of the Exchange Offer, the Company shall be deemed to have accepted properly tendered Initial Notes for exchange when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

For each Initial Note accepted for exchange, the holder of such Initial Note will receive an Exchange Note having a principal amount equal to the principal amount (or portion thereof) of the Initial Note surrendered for tender.

In all cases, issuance of Exchange Notes for Initial Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Initial Notes or a timely Book-Entry Confirmation of such Initial Notes into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents or, in the case of a Book-Entry Confirmation, an Agent's Message in lieu thereof. If any tendered Initial Notes are not accepted for any reason set forth in the terms and conditions of the Exchange Offer, or if Initial Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Initial Notes will be returned without expense to the tendering holder thereof (or, in the case of Initial Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described above, such non-exchanged Initial Notes will be credited

to an account maintained with such Book-Entry Transfer Facility) as promptly as practicable after the expiration of the Exchange Offer.

EXCHANGE AGENT

Union Bank of California, N.A. has been appointed as the Exchange Agent for the Exchange Offer. All executed Letters of Transmittal should be directed to the Exchange Agent at one of the addresses set forth below:

BY HAND/OVERNIGHT COURIER MAIL: Union Bank of California, N.A. 475 Sansome Street--12th Floor San Francisco, California 94111 Attn: Ms. Gillian Wallace Corporate Trust Division	BY FACSIMILE: (415) 296-6757 Attn: Ms. Gillian Wallace Corporate Trust Division By Telephone: (415) 296-6750

Questions and requests for assistance, requests for additional copies of this Prospectus or of the Letter of Transmittal and requests for Notices of Guaranteed Delivery should be directed to the Exchange Agent at the address and telephone number set forth in the Letter of Transmittal.

DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSIONS OF INSTRUCTIONS VIA A FACSIMILE TO A NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSITITUTE A VALID DELIVERY.

SOLICITATION OF TENDERS; FEES AND EXPENSES

The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to brokers, dealers or others for soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith. The Company also will pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this and other related documents to the beneficial owners of the Initial Notes and in handling or forwarding tenders for their customers.

The estimated cash expenses to be incurred in connection with the Exchange Offer will be paid by the Company and are estimated in the aggregate to be approximately $200,000, which includes fees and expenses of the Exchange Agent, Trustee, registration fees, accounting, legal printing and related fees and expenses.

No person has been authorized to give any information or to make any representations in connection with the Exchange Offer, other than those contained in this Prospectus. If given or made, such information or representations should not be relied upon as having been authorized by the Company. Neither the delivery of this Prospectus nor any exchange made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the respective dates as of which information is given herein. The Exchange Offer is not being made to (not will tenders be accepted from or on behalf of) holders of Initial Notes in any jurisdiction in which the making of the Exchange Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. However, the Company, at its discretion, may take such action as it may deem necessary to make the Exchange Offer in any such jurisdiction and extend the Exchange Offer to holders of Initial Notes in such jurisdiction. In any jurisdiction in which the securities laws or blue sky laws of which require the Exchange Offer to be made by a licensed broker or dealer, the Exchange Offer is being made on behalf of the Company by one or more registered brokers or dealers which are licensed under the laws of such jurisdiction.

TRANSFER TAXES

The Company will pay all transfer taxes, if any, applicable to the exchange of Initial Notes pursuant to the Exchange Offer. If, however, certificates representing Exchange Notes or Initial Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Initial Notes tendered, or if tendered

Initial Notes, are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Initial Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

ACCOUNTING TREATMENT

The Exchange Notes will be recorded at the carrying value of the Initial Notes as reflected in the Company's accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized by the Company upon the exchange of Exchange Notes for Initial Notes. Expenses incurred in connection with the issuance of the Exchange Notes will be amortized over the term of the Exchange Notes.

CONSEQUENCES OF FAILURE TO EXCHANGE

Initial Notes that are not exchanged for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Initial Notes as set forth in the legend thereon and in the Indenture. Initial Notes not exchanged pursuant to the Exchange Offer will continue to remain outstanding in accordance with their terms. In general, the Initial Notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Initial Notes under the Securities Act.

Participation in the Exchange Offer is voluntary, and holders of Initial Notes should consider carefully whether to participate. Holders of the Initial Notes are urged to consult their financial and tax advisors in making their own decision on what action to take.

As a result of the making of, and upon acceptance for exchange of all validly tendered Initial Notes pursuant to the terms of, this Exchange Offer, the Company will have fulfilled a covenant contained in the Registration Rights Agreement. Holders of Initial Notes who do not tender their Initial Notes in the Exchange Offer will continue to hold such Initial Notes and will be entitled to all the rights and subject to all the limitations applicable thereto under the Indenture, except for any such rights under the Registration Rights Agreement that by their terms terminate or cease to have further effectiveness as a result of the making of this Exchange Offer. All untendered Initial Notes will continue to be subject to the restrictions on transfer set forth in the Indenture. To the extent that Initial Notes are tendered and accepted in the Exchange Offer, the trading market for untendered Initial Notes could be adversely affected.

The Company may seek to acquire in the future, subject to the terms of the Indenture, untendered Initial Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. The Company has no present plan to acquire any Initial Notes which are not tendered in the Exchange Offer.

RESALE OF EXCHANGE NOTES

The Company is making the Exchange Offer in reliance on the position of the Commission as set forth in certain interpretive letters addressed to third parties in other transactions. However, the Company has not sought its own interpretive letter, and there can be no assurance that the Commission would make a similar determination with respect to the Exchange Offer as it has in such interpretive letters to third parties. Based on these interpretations by the staff of the Commission, the Company believes that the Exchange Notes issued pursuant to the Exchange Offer in exchange for Initial Notes may be offered for resale, resold and otherwise transferred by a holder (other than any Holder that is a broker-dealer or an 'affiliate' of the Company within the meaning of Rule 405 of the Securities Act) without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business, such holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes and neither such holder nor any such other person is engaging in or intends to

engage in a distribution of the Exchange Notes. However, any holder who is an 'affiliate' of the Company or who has an arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired pursuant to the Exchange Offer, or any broker-dealer who purchased Initial Notes from the Company to resell pursuant to Rule 144A or any other available exemption under the Securities Act (i) could not rely on the applicable interpretations of the staff of the Commission and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act. A broker-dealer who holds Initial Notes that were acquired for its own account as a result of market-making or other trading activities may be deemed to be an 'underwriter' within the meaning of the Securities Act and must, therefore deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Notes. Each such broker-dealer that receives Exchange Notes for its own account in exchange for Initial Notes, where such Initial Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge in the Letter of Transmittal that it will deliver a prospectus in connection with any resale of such Exchange Notes. See 'Plan of Distribution'.

In addition, to comply with the securities laws of certain jurisdictions, if applicable, the Exchange Notes may not be offered or sold unless they have been registered or qualified for sale in such jurisdiction or an exemption from registration or qualification is available and is complied with. The Company has agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to register or qualify the Exchange Notes for offer or sale under the securities or blue sky laws of such jurisdictions as any holder of the Exchange Notes reasonably requests. Such registration or qualification may require the imposition of restrictions or conditions (including suitability requirements for offerees or purchasers) in connection with the offer or sale of any Exchange Notes.

BUSINESS

OVERVIEW

The Company is a leading marketer of men's, women's and children's apparel and footwear, sold under five nationally recognized brand names -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene -- in the dress shirt, casual footwear, and sportswear sectors. The Company is brand focused and manages the design, sourcing and manufacturing of substantially all of its products on a brand by brand basis. The Company's products include both dress and sport shirts and casual shoes and, to a lesser extent, sweaters, neckwear, furnishings, bottoms, outerwear and leather and canvas accessories. Approximately 23% of the Company's net sales in fiscal 1997 were derived from sales of dress shirts, 33% from sales of footwear and related products and 44% from sales of other apparel goods, primarily branded sportswear. The Company markets its products at a wholesale level through national and regional department store chains and also directly to consumers through its own retail stores, generally located in factory outlet retail malls. The Company believes that marketing through the wholesale channel provides the opportunity to build brand equity and represents its core business, and views its retail business as a complement to its strong branded positions in the wholesale market. The Company's strategy is to exploit and expand its branded position in the United States and, on a longer-term basis, in the international arena, and the Company believes that its portfolio of well recognized brands offers the Company the best opportunity for realizing sales growth and enhancing profit margins.

The Company's net sales and EBITDA (exclusive of the non-recurring charges to earnings recorded in fiscal 1997) were $1,350.0 million and $70.8 million, respectively, in fiscal 1997 versus $1,359.6 million and $77.2 million, respectively, in fiscal 1996. Fiscal 1997 was a year of transition, as the Company continued to realign and strengthen its business and further reduce costs. The Company continued its store closing program and closed its sweater manufacturing operations, which resulted in a planned reduction of revenue, made a major investment of $18.4 million in incremental advertising expenditures in the second half of the year, and took non-recurring charges to earnings of $132.7 million in connection with certain restructuring expenses. The Company believes that it made significant progress in its apparel segment where sales and profitability increased, but it was disappointed with the results of its footwear and related products segment. The Company believes that the increased advertising expenditures and brand repositionings executed in 1997 position it well to compete in its markets and expects the actions which gave rise to the 1997 charges to result in aggregate cost savings of over $40 million in the period 1998 to 2000, and to exceed $20 million annually by 2000.

The Company's Van Heusen, Bass, Izod, Gant and Geoffrey Beene brands collectively account for approximately 93% of the Company's net sales, with approximately 73% of net sales being derived from Van Heusen, Bass and Geoffrey Beene alone. Izod and Gant were acquired by the Company in 1995 and subsequently repositioned in their markets. The Company believes that Izod and Gant have substantial brand equity and position the Company well to capitalize on the increasing popularity of branded sportswear. The Company owns four of the five brands, with sales of the fifth -- Geoffrey Beene -- being under licensing agreements with that designer. In addition, the Company recently entered into a license agreement to market DKNY brand men's dress shirts.

The Company's brands enjoy national recognition in their respective sectors of the market and share a rich heritage with between 40 and 120 years of operating history. They represent sales leaders in their respective market niches, from a dominant position in dress shirts, to a leading position in casual footwear, to an increasingly important position in men's sportswear. In the United States, Van Heusen is the best selling men's dress shirt and woven sport shirt brand, and Geoffrey Beene is the best selling men's designer dress shirt brand. The Company believes that its overall share of the United States men's dress shirt market, including its branded, designer and private label offerings, is the largest of any company and that it has a growing market share, currently in excess of 32%, in the key department store channel. In the United States, Izod products include the best selling men's sweater brand, one of the best selling basic knit shirts and the number one ranked golf apparel brand in pro shops and resorts. Gant represents the largest collection brand in several countries in Europe, and is second only to 'Polo' in most of the other European countries. Bass is the leading brand of men's, women's and children's casual shoes at the moderate price range in the United States.

The Company markets its five premier brands to different segments of the market, appealing to varied demographic sectors and a broad spectrum of consumers. This diversity of the Company's brands is intended to minimize competition among the brands. The Van Heusen brand, designed to target the moderate price range, appeals to the relatively conservative 'middle American' consumer. The typical Bass consumer is family oriented, views the Bass brand as 'Americana', associated with a casual, outdoor lifestyle, and pays moderate prices for his or her product. The Company's Izod brand is 'active inspired', designed to sell on the main floor of department stores largely in knitwear categories in the moderate to upper moderate price range. The Gant brand is the Company's entry into collection sportswear and focuses on a traditional consumer with refined taste who is prepared to purchase apparel in the higher price range of the market. Geoffrey Beene is targeted toward a more fashion-forward consumer who is prepared to purchase apparel in the upper moderate price range. The Company's products are designed to appeal to relatively stable demographic sectors and generally are not reliant on rapidly changing fashion trends.

The Company believes that because of its strong brands it is well-positioned to capitalize on several trends that have affected the apparel and footwear sectors in recent years. These include the stabilization of the department store sector with a smaller number of stronger players, among which the Company ranks its most important customers; the continued importance of branding as a measure of product differentiation; continued growth in the branded sportswear sector; and the stabilization of the dress shirt sector after several years of modest decline. In addition, the recent lack of momentum in the athletic shoe sector provides the Company with the opportunity to capitalize on its Bass casual footwear products.

Substantially all of the Company's sales are made in the United States. However, the Company believes that global name awareness is a key to the creation of lasting brand equity and that it must pursue selective opportunities to expand the sales of its brands internationally. Currently, Gant is the Company's brand that is most developed internationally, with its name recognition and sales substantially stronger in Europe than in the United States. Gant products are sold in 35 countries, including in over 50 Gant stores owned or franchised by the Company's licensing partner, Pyramid Sportswear, in which the Company owns a minority interest with an option to acquire 100%. Although the Van Heusen, Bass and Izod product lines also are sold outside the United States, both directly and through licensees, their international sales are small relative to Gant. Based on its experience with Gant, the Company believes that opportunities exist to expand the sales of its Van Heusen, Bass and Izod brands internationally.

Consistent with its strategy of developing its brands, the Company has focused on the wholesale sector -- primarily department stores -- as the key source of distribution for its products. The Company believes that the wholesale channel generally, and department stores specifically, provide the best means of promoting a fully conceptualized image for each of its brands and of securing broad awareness of its products and image. The Company's wholesale customers for branded and designer apparel include May Co., Federated, JC Penney, Proffits and Dillard's. The Company's customers for footwear include Federated, May Co., Dillard's, Belk's and Nordstrom. The Company's ten largest wholesale customers, accounting for over 60% of the Company's fiscal 1997 sales to wholesale customers, each have been the Company's customers for more than 25 years. The Company believes that its customers rely on its ability to design, manufacture to exacting quality standards and deliver on a timely basis commercially successful apparel and footwear programs.

While focused on the wholesale sector, the Company also sells its products directly to consumers in approximately 695 Company-owned stores located primarily in factory outlet retail malls. The stores are operated in five formats, matching each of the Company's premier brands -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene. Van Heusen and Bass, which have the broadest national recognition, followed by Izod, are in the broadest range of malls. Geoffrey Beene stores are located in malls where that brand has greater name recognition. Gant stores are included in a limited number of the most successful of the nation's malls. Historically, the Company participated in the significant expansion of the factory outlet mall sector, capitalizing on mall expansion to build a portfolio of approximately 1,000 stores and generate significant sales and cash flow growth. However, this strategy left the Company reliant on mall growth rather than on brand and market share development as the primary driver of

expansion, contributed to a deterioration in the quality and stability of earnings and failed to strengthen the image and brand equity in its major businesses. Since 1995, the Company has significantly reduced the number of its retail locations and has closed its least attractive stores to optimize its portfolio. The Company's retail presence remains an important complement to its strong branded positions in the wholesale market, facilitating product experimentation, the gathering of market intelligence, effective inventory control and management of surplus product.

STRATEGY

The Company's strategy is to exploit and expand its branded position in the United States and, on a longer-term basis, internationally. Elements of this strategy include:

- CAPITALIZE ON SPORTSWEAR OPPORTUNITY. With a renewed strong focus by retailers on the importance of men's sportswear and the customer impact of brand differentiation within that sector, the Company actively has sought to build a leading branded presence in this fragmented niche, acquiring existing sportswear brands (Izod and Gant) and expanding their presence in the wholesale sector. This renewed focus is in part attributable to the on-going move of employers towards casual dress policies, such as 'casual Fridays', and the increasing number of people who work at home. In addition, outside of the workplace, people's social activities generally focus on a more casual lifestyle. These trends present greater opportunities for the Company in sportswear. Sportswear now represents 66% of the Company's apparel segment sales, and it is expected that sportswear will continue to increase as a percentage of sales.

- EXTEND BRAND PRODUCT RANGE. The Company continues to broaden the product range of its brands, capitalizing on the name recognition, popular draw and discrete target customer segmentation of each of its major labels. For example, dress shirts are now marketed under the Bass name and sportswear under the Van Heusen name, and Izod recently has expanded its offerings to include products for the fall and holiday seasons, a step toward building a year-round brand. As part of the introduction of the European Gant collection in the United States, the Company expanded its sportswear offerings to include sport coats, outerwear, rainwear, swimwear and accessories. Brand differentiation is maintained with design, manufacturing and procurement functions managed at the brand level.

- PROMOTE GLOBAL BRAND AND IMAGE. The Company believes that over the long-term the most successful brands will be those with a consistent imagery, market positioning and name recognition throughout the world's major consumer markets. The Company's longer-term goal is to develop its core brands into international consumer franchises. Currently, all four of the Company's owned brands are distributed internationally, although only Gant, which in its niche is the leading market player in several European countries and is second only to 'Polo' in most of the other European countries, has achieved widespread brand recognition. The Van Heusen brand is licensed in 21 countries in North, Central and South America. In 1992, Bass began marketing its footwear internationally and is now selling limited amounts of footwear to retailers in Europe, Canada, South America, the Middle East, Africa and Asia. The Company plans to build on these bases and to project a consistent global image for each of its owned brands.

- BUILD UPON ENHANCED ADVERTISING PRESENCE. The Company launched advertising campaigns for its brands in the second half of fiscal 1997, which resulted in an increase in advertising expenditures by $18.4 million from fiscal 1996 to $37.8 million. Based upon dialogue with its wholesale customers, the Company believes that the campaigns were well received. The Company is committed to a continued advertising program to support and further develop the national and international recognition of its brands. The Company believes that ongoing communication with the consumer is a core ingredient for branded marketing success.

- LEVERAGE CORE COMPETENCIES IN LOGISTICAL AND IT SUPPORT. With primary focus on the more demanding wholesale customer nationwide and on securing and maintaining a strong presence on the department store floor, the Company has made significant investments to ensure the adequacy of its inventory replenishment programs, its capacity to monitor sales by

SKU and margin and its ability to ensure its customers of timely product availability in a cost-effective manner.

- INCREASE OPERATING EFFICIENCIES. The Company is committed to a cost reduction program and constantly explores alternative methods to achieve that objective. Given its size, purchasing power and ability to optimize manufacturing and outsourcing alternatives, the Company is in a position to achieve significant efficiencies in procurement and manufacturing. This is essential if the Company is to provide high levels of service and responsiveness to its wholesale customers, while maintaining control over costs and working capital. The Company has developed significant manufacturing flexibility by maintaining a range of Company-owned and third party manufacturing capacity available to it, while optimizing margins through recourse to low cost non-United States manufacturing. The Company has announced a number of programs, including the contraction of its United States manufacturing and logistical infrastructure, to achieve significant cost savings.

- OPERATE COMPLEMENTARY RETAIL OPERATIONS. The Company's factory outlet retail stores provide a valuable complement to its wholesale presence, allowing for product experimentation, the gathering of market information, increasing the efficiency of inventory and surplus product management. The Company's stores sell a breadth of product not otherwise found in the Company's wholesale offerings. With a significant program of store closures in progress, the Company has been very focused on improving the profitability of the retail portfolio as a whole and maintaining its financial viability as a second channel of distribution. The Company's remaining retail stores are profitable, and the average sales per square foot and inventory turn at such stores have improved significantly since 1995, thereby positioning the Company's retail operations to generate increasing earnings and cash flows.

IMPLEMENTATION OF THE COMPANY'S STRATEGIES

Specific action steps taken beginning in 1995 and continuing into 1998 and 1999 with respect to the implementation of these strategies include: (i) the acquisition of the Izod and Gant brands; (ii) the reorganization of the Company's non-dress shirt operations along brand lines versus a wholesale/retail organizational structure; (iii) the complete repositioning of Gant's domestic brand image to match its highly successful European brand image; (iv) the launching of new, focused Van Heusen, Izod and Gant advertising campaigns; (v) the closure of approximately 400 of the Company's worst performing retail locations in a program that by the end of fiscal 1998, after approximately 50 new store openings, will have reduced the retail portfolio from approximately 1,000 locations to approximately 650; (vi) the closure of domestic shirt manufacturing plants and its United States mainland shoe manufacturing plant; (vii) the consolidation of the Company's domestic warehousing and distribution facilities; and (viii) the closure of the Company's sweater manufacturing operations, which were unprofitable, capital intensive and did not match the Company's branded strategy.

These steps have had the effect of focusing the Company's attention and resources on its core brands and have yielded strong and positive results, with further benefits expected to continue over the next three years. The Company's apparel operations (excluding sweater operations) saw net sales increase 4.9% in fiscal 1997 to $882.0 million, representing 65% of total fiscal 1997 net sales, gross margins improve from 31.3% to 32.9% and operating income increase over 50% to $45.4 million in fiscal 1997 (after incremental advertising expenses of $15.0 million) as compared to fiscal 1996. The Company's net sales of wholesale branded apparel products increased 24% in 1997 to $387.2 million. With $6.0 million of annual savings already realized from the closure of dress shirt manufacturing facilities in 1995 and 1996, the further closures in manufacturing facilities and consolidation of logistical infrastructure announced by the Company in 1997 are expected to result in substantial future cash savings.

Within the dress shirt sector, as the benefits of brand development and manufacturing reorientation have begun to be realized, estimated market share in the department store channel in which the Company competes has increased to 31% from 26%, with sales increasing by 20% in fiscal 1997 as compared to fiscal 1996, and operating margins and profitability more than doubling. Approximately 60 underperforming Geoffrey Beene sportswear retail outlets have been closed, resulting in significant increases in productivity and sales per square foot in the remaining stores, and eliminating the losses

experienced by that business in 1996. Gant's 1997 repositioning in the United States was implemented as the Company opened a new flagship store on Fifth Avenue in Manhattan and increased by 34% the number of in-store shops in department stores carrying the Gant collection, with a further increase of 30% planned by department stores in 1998. Izod's wholesale sales doubled during 1997, with a 32% increase in the number of stores carrying the line. While Van Heusen's retail sales experienced a small decline as poorly performing stores were closed, operating profit increased 23%, reflecting the benefits of the Company's programs.

The process of implementing the Company's strategic initiatives has not been without disappointment. In the Bass business, fiscal 1997 net sales declined 5.0% to $439.0 million, as a result of the Company's attempt to reposition its Bass brand to higher price points, which proved overly aggressive. While the higher price position was endorsed by the Company's wholesale customers, the initiatives were not well executed and did not meet with consumer support, resulting in an inventory build up at both the wholesale level and in the Company's own factory outlet retail stores. To protect its franchise and preserve its wholesale customer relationships, the Company took substantial markdowns in its own retail stores and aggressively financed the markdowns required by its wholesale customers to sell this inventory. Line management responsible for the Bass business has been changed, a decision was made to close the United States mainland manufacturing facilities and the brand was returned to its historic positioning targeted in the moderate price range as a family oriented, 'Americana'-associated casual lifestyle brand. The result of these actions was a non-recurring charge to fiscal 1997 earnings of $54.2 million and a decline in footwear and related products operating income (before such charge) of $17.5 million to $15.4 million. While the Company is disappointed at the outcome of the Bass repositioning effort, the Company believes that its current plans for Bass will allow it to return to its historical levels of sales and profitability.

The implementation of these strategic initiatives has resulted in the Company taking pre-tax charges of $27.0 million in fiscal 1995 and $132.7 million in fiscal 1997, inclusive of the $54.2 million of Bass related charges. The Company believes that these initiatives have positioned it to achieve significant improvements in sales, operating income and cash flow in its apparel businesses and will position it further to compete cost effectively in the future across all of its business sectors. Furthermore, the Company believes that the initiatives favorably position the Company to accelerate its strategy of building pre-eminent global apparel and footwear brands.

COMPANY'S STRENGTHS

The key strengths of the Company are as follows:

- MARKET LEADERSHIP POSITION. The Company maintains a dominant position in men's dress shirts, a leading position in casual footwear and an increasingly important position in the fragmented men's sportswear market. The Company's strong market shares provide it with significant marketing strength relative to its competitors and attractive selling floor space at its department store customers.

- HIGH BRAND AWARENESS. The Company's five premier brands -- Van Heusen, Bass, Izod, Gant and Geoffrey Beene -- enjoy national recognition in their respective sectors of the market. Brand recognition is critical in the apparel and footwear industries, where strong brand names help define consumer preferences and drive department store floor space allocation.

- MARKET SEGMENTATION. The Company markets its five premier brands to different segments of the market, appealing to varied demographic sectors and a broad spectrum of consumers. Accordingly, the diversity of the Company's brands is intended to minimize competition among the brands.

- STRENGTH AND BREADTH OF CUSTOMERS. The Company markets its products to a broad spectrum of customers, including department stores, as well as directly to the consumer in its factory outlet retail stores. The Company's retail business is intended to serve as a complement to its strong branded positions in the wholesale market. The Company's ten largest wholesale customers, accounting for over 60% of the Company's fiscal 1997 sales to wholesale customers, each have been the Company's customers for more than 25 years. No single

customer accounted for more than 6% of the Company's total sales in any of the last three years.

- STRONG LOGISTICS. Timely delivery and product quality are among the most important criteria used by retailers to evaluate suppliers. Because of the Company's relatively large size and vertical integration, it has the capacity to contend successfully with the demands of large retailers. The Company's investment in information technology, use of the Company's EDI system, automated warehousing and distribution operations and global sourcing network facilitate quick response to sales trends and inventory demands, maximizing its inventory flexibility and contributing to its strength in dealing with its large retail customers.

- WORLDWIDE SOURCING ABILITY. The Company has the capability to source effectively on a world-wide basis as a result of its structure and history in the apparel and footwear industries. The Company employs highly seasoned sourcing specialists for each brand. To support these specialists, the Company maintains a world-wide sourcing network, with offices in various countries, whose responsibilities include technical support, quality control and human rights monitoring. These sourcing specialists provide expertise in sourcing multiple classifications, which results in highly efficient and cost-effective inventory movement. As a result of the Company's sourcing network, the Company has developed strong and stable global relationships over the years.

- STRONG MANAGEMENT. The Company's management is composed of a loyal team of relatively young and experienced individuals. The average officer of the Company is under 50 and has spent 25 years in the apparel industry, 13 of those years being with the Company. The Company believes that its unique team has the experience and expertise to implement the objectives of the Company.

BUSINESS

DRESS SHIRTS

The Company's dress shirts currently are marketed principally under the Van Heusen and Geoffrey Beene brands. These two brands are by far the leaders in men's dress shirts in their respective markets, finishing calendar 1997 with a combined market share in the key United States department store sector of 31%, an increase of five percentage points over the prior year. In addition, the Company markets its dress shirts under the Bass and Etienne Aigner brands, as well as providing private label dress shirts. The Company recently entered into a license agreement pursuant to which it will market men's dress shirts under the DKNY brand beginning with the holiday season in 1998, thereby permitting the Company further to leverage its competencies and resources.

While the dress shirt sector in the United States has undergone considerable change and some contraction over the last several years, the Company believes that the sector has started to demonstrate stability. Over the last three years, the Company has increased both the level of its sales in dollar terms and its overall market share and the Company believes that the core strength of its brands provides it with a strong foundation for future market development.

In the past year, the Company made considerable progress not only with respect to the increase in estimated market share, which generated a substantial increase in sales, but also with respect to cost and working capital. With the benefits of the first of the Company's manufacturing and logistics rationalization strategies beginning to be felt, profitability in this core area of the Company's business benefited from approximately $6.0 million of achieved cost savings, and gross margins increased 2.7 percentage points to 24.3% and operating profit more than doubled to $19.6 million. In addition, the Company improved its inventory turn significantly in this sector of its business, reflecting a better logistics function and the strength of its underlying product and appeal to the end consumer.

Van Heusen dress shirts have provided a strong foundation for the Company for most of its 117-year history and now constitute the best-selling men's dress shirt brand in the United States. The Van Heusen dress shirt is marketed at wholesale in the moderate price range to major department stores and men's specialty stores nationwide, including May Co., JC Penney, Mervyns and Federated. Its primary competitors are 'Arrow' and private label shirts.

The Company markets Geoffrey Beene men's dress shirts under a license agreement with that designer, which is up for renewal in 2001. Geoffrey Beene dress shirts are the best-selling men's designer dress shirts in the United States. In fiscal 1997, Geoffrey Beene garnered the largest market share of all dress shirt brands in the department store channel of distribution. Geoffrey Beene dress shirts are sold in the upper moderate price range to major department stores and men's specialty stores nationwide, including Federated, May Co., Proffits and Mercantile. Geoffrey Beene dress shirts compete with those of other designers, including 'Perry Ellis' and 'Ralph Lauren Polo'.

Bass dress shirts are marketed at wholesale to major department stores, including Federated, Mercantile and Dayton-Hudson, and are sold in the upper moderate price range. This is a small but successful example of expanding an existing product line. DKNY dress shirts will be sold in the better price range and targeted to younger and more contemporary customers.

Private label programs offer the retailer the ability to create its own line of exclusive merchandise and give the retailer control over distribution of the product. Private label represents an opportunistic business which leverages the Company's strong design and sourcing expertise. The Company's customers work with the Company's designers to develop shirts in the styles, sizes and cuts which the customers desire to sell in their stores with their particular store names or private labels. Private label programs offer the consumer quality product and offer the retailer the opportunity to enjoy higher margins and product exclusivity. Private label products, however, 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 branded manufacturers. The Company markets at wholesale men's dress shirts under private labels to major national retail chains and department stores, including JC Penney, Sears, May Co., Target and Federated. The Company believes it is one of the largest marketers of private label dress shirts in the United States.

SPORTSWEAR

Several trends have affected the domestic and global apparel business in recent years, including the increase in casual dress in and away from the workplace. The retail dollar volume for men's casual business attire grew 7.3% annually between 1991 and 1997, and the retail dollar volume of women's casual business attire increased 4.9% annually in the same period, in comparison to the retail dollar volume for total tailored apparel, which grew 2.1% annually. In 1997, 65% of the retail dollars spent on casual and tailored apparel was attributed to casual apparel. The Company has sought to capitalize on this trend and sportswear sales now account for 66% of the Company's apparel segment sales. The Company's sportswear products currently are marketed principally under the Van Heusen, Izod, Izod Club, Gant and Geoffrey Beene brands.

Van Heusen is the best-selling woven sport shirt brand in the United States. Van Heusen apparel also includes knit sport shirts, sweaters and golf apparel. Like Van Heusen branded dress shirts, Van Heusen branded sport shirts and sweaters are marketed at wholesale in the moderate price range to major department stores and men's specialty stores nationwide, including JC Penney, Mervyns, May Co. and Proffits. The Company believes that the main floor classification business in department stores is becoming increasingly important and that there are few important brands in that category. As a result, the Company believes that the success of Van Heusen dress shirts in department stores where it is part of the stores' classification offerings supports its presence in the department stores' sportswear classification offerings and presents a significant opportunity for further development.

During 1997, the Company's Van Heusen sport shirt product presentation was improved through new packaging, and a modest program to reposition the brand was implemented, all in an effort to improve its share of floor space in better department stores. The Company ascribes the increased sales at wholesale to a combination of retailers' increased focus on the classification sportswear sector and to the success of these programs.

The product mix targeted for Van Heusen outlet stores is intended to satisfy the key apparel needs of men from dress furnishings to sportswear and of women for sportswear. Van Heusen stores' merchandising strategy is focused on achieving a classic and/or updated traditional look in a range of primarily moderate price points. Target customers represent the broadest spectrum of the American

consumer. The Company closed a number of the worst performing Van Heusen retail outlets during fiscal 1997, resulting in a small reduction in sales, but a significant increase in profit margin in its retail operations.

Izod occupies a major presence in department stores as a main floor lifestyle classification sportswear brand. Izod branded apparel products consist of active inspired men's and women's sportswear, including Izod sweaters (the best-selling men's sweater brand in the United States), knitwear (one of the best-selling basic knit shirts in the United States), slacks, fleecewear and microfiber jackets. These products are marketed in the moderate to upper moderate price range in major department store locations, including May Co., Federated, JC Penney, Mercantile and Belk's.

The Company continues to upgrade its growing product line from the core of the pique knit shirt and has expanded its wholesale customer base significantly. During fiscal 1997, Izod doubled its wholesale revenues from the previous fiscal year. In spring of 1997, the Company sold its Izod products in more than 1,700 department store locations; by spring 1998, the Company expects to have an Izod presence in approximately 2,300 department store locations. The Company has expanded the Izod brand to include apparel appropriate for the fall and winter seasons, including long-sleeve knit shirts, fleecewear and microfiber jackets.

The Company's Izod outlet stores market Izod branded men's and women's active-inspired sportswear. Target customers are generally brand loyalists who expect quality and fashion at reasonable prices.

Izod Club branded golf apparel is marketed to approximately 4,000 golf pro shops and resorts across the United States in the better price range and is ranked as the number one golf brand in that channel of distribution. Products marketed in the Izod Club men's and women's collections include knit shirts, sweaters, bottoms, outerwear, windshirts, headwear and hosiery. Izod Club women's products have been sold at Nordstrom stores since 1997 and since 1998 at Dayton Hudson department stores. Izod Club has developed a professional golf tournament strategy, which was highlighted by its management of the merchandising efforts at the 1997 U.S. Open, USGA Senior's Open, and USGA Women's Open. In addition, four of the top 10 women golf professionals on the LPGA tour wear Izod Club golf apparel, making the Izod Club brand highly visible on the golf course and on televised LPGA events. In 1997, Izod Club was reorganized into Izod and all of Izod Club's operational functions, other than its sales function, were integrated with Izod's operational functions.

The Gant brand is the Company's only lifestyle collection of men's sportswear that includes woven and knit tops, bottoms and outerwear. For the past decade, Gant has been successfully marketed internationally as an upscale brand (competing head-to-head with 'Polo') through a license to the Company's affiliate, Pyramid Sportswear. Gant's international sales have experienced significant growth annually for the last decade and the international business has developed the critical mass to serve as a fully developed stable business. It is now the largest collection brand in several countries in Europe, and is second only to 'Polo' in most of the other European countries. Gant products are sold in 35 countries throughout Europe, Canada, the Middle East and Asia, including in over 50 Gant retail stores, with 13 additional stores scheduled to be opened in Europe in 1998. The Company receives a royalty on the sales of Gant products by Pyramid Sportswear, and also owns 25% of Pyramid Sportswear with an option to purchase the balance beginning in 2000.

Commencing in 1997, as a part of the Company's ongoing strategy to build its brands, the Company undertook a series of measures to reposition the Gant brand in the United States as a pre-eminent global sportswear collection. The repositioning of the Gant brand in the United States has encompassed new, expanded and upgraded products and the consolidation of the worldwide design and sourcing functions -- all focused on promoting consistency of product and quality throughout the world. It is a major step forward in creating one image for this global brand. Enhancing this image is the Gant flagship store on Fifth Avenue in New York City which opened on November 20, 1997. Serving as a showcase of Gant products for retail customers and building brand recognition among consumers, the store carries a wide range of Gant brand products at higher quality and better price points. Part of this repositioning has been an increased effort to encourage wholesale customers to present the Gant collection in separate in-store shops. The number of Gant in-store shops more than doubled from 156

in 1995 to 441 in 1997. In 1998, Gant will be offered as a collection in selected Federated stores, including Macy's West.

The Company's limited number of Gant outlet stores offer fine quality knit and woven shirts, sweaters, pants, shorts, outerwear and accessories for men. The Gant line incorporates several sportswear 'lifestyles'. Included are spectator-active and sportswear products, all of which maintain detailed construction and high quality fabrics.

The Company's Geoffrey Beene stores offer dress and sport shirts, neckwear, furnishings, outerwear, bottoms and sportswear. Through their product mix, the Geoffrey Beene stores seek to meet the full needs of men's wardrobes (excluding suits) from dress furnishings to sportswear. The merchandising strategy is focused on an upscale, fashion forward consumer who is prepared to purchase apparel in the upper moderate price range. Most Geoffrey Beene stores also offer a full line of women's casual apparel bearing the Geoffrey Beene name, which accounts for more than one-third of the Company's Geoffrey Beene outlet business. The Company offers Geoffrey Beene products in its stores under license agreements which expire in 1999. The Company is negotiating for a renewal of these agreements.

Geoffrey Beene products are styled to be more fashion-forward than the Company's Van Heusen brand, and the Geoffrey Beene brand name recognition is more geographically focused, versus the broader based familiarity with the Van Heusen, Bass or Izod labels. In recognition of this, the Company has closed a significant number of its Geoffrey Beene retail outlets in parts of the country where brand recognition was not strong, which has resulted in a substantial improvement in store productivity and inventory turn and a significant increase in profitability.

The Company's extensive resources in both product development and sourcing have permitted it to market successfully private label sport shirts to major retailers, including K-Mart, Wal-Mart, Target, Sears, JC Penney and Lord & Taylor. Private label golf apparel is marketed to traditional department and specialty stores, national retail chains and catalog merchants. The Company also markets private label shirts to companies in service industries, including major airlines and food chains. The Company believes it is one of the largest marketers of private label sport shirts in the United States.

FOOTWEAR AND RELATED PRODUCTS

The Company manufactures, procures for sale and markets a broad line of traditional men's, women's and children's casual shoes and related products under the Bass brand in the moderate price range. The Bass brand has a very strong heritage since its formation in 1876 and has been an icon to a wide spectrum of consumers. A number of Bass' trademarks are highly recognized, the most important ones being Weejun and Sunjun. Bass is the leading brand of men's, women's and children's casual shoes at the moderate price range in the United States. Based on the number of pairs sold, Bass branded footwear has a 3.4% share of the upper moderate casual shoe market.

The Company launched an aggressive repositioning program at Bass during fiscal 1997 intended to capitalize on its broad name recognition and reputation. Based on extensive market research and encouragement from its wholesale customers, the Company implemented significant price increases without, however, the depth of prior marketing and brand image support that such a program requires. The repositioning was not well-executed and did not meet with consumer support. This misstep in execution resulted in a significant build up in inventory at both the wholesale customer and Company-owned retail store levels, as the end-consumer resisted the price changes. The Company elected to correct this inventory build up as expeditiously as possible through inventory markdowns and allowances to wholesale customers, and to restore Bass to its historical price point and image. While the Company continues to believe that the Bass brand is capable of sustaining higher end product pricing and a more upmarket image, the experience in fiscal 1997 has resulted in the determination to undertake any such repositioning in a very gradual and incremental fashion. The Company does not believe that the underlying brand equity built up over 120 years has been weakened.

Bass' traditional wholesale customers are major department stores and specialty shoe stores throughout the United States, including Federated, May Co., Dillard's, Belk's and Nordstrom. In 1992, Bass began marketing its footwear internationally and is now selling limited amounts of footwear to retailers in Europe, Canada, South America, the Middle East, Africa and Asia.

Bass' merchandising strategy is focused on achieving an American classic look that emphasizes the Bass style -- the classic and traditional designs Bass has marketed for more than a century -- representing the 'Bass Lifestyle'. All footwear is designed in-house, regardless of source, to maintain tight control of the styling and quality offered by the brand.

The Company's Bass factory outlet retail stores typically carry an assortment of Bass shoes and accessories for men, women and children, in the moderate price range, as well as complementary products not sold to wholesale customers. Bass sportswear apparel for men, women and children is marketed in approximately 70% of the Company's Bass stores.

COMPETITION

The apparel industry is highly competitive due to its fashion orientation, its mix of large and small producers, the flow of domestic and imported merchandise and the wide diversity of retailing methods. The Company's apparel wholesale divisions experience competition in branded, designer and private label products. Some of the larger dress shirt competitors include: Bidermann Industries ('Arrow' brand); Salant Corporation ('Perry Ellis' and 'John Henry' brands); Smart Shirt (private label shirt division of Kellwood); Capital Mercury (private label shirts); and Oxford Industries (private label shirts). The dominance of the Company's dress shirts has increased, in part attributable to the decrease in sales of the 'Arrow' brand of Bidermann Industries. The Geoffrey Beene brand has increased its lead in sales over other dress shirt brands, augmenting its dominance in department stores. Some of the larger sportswear competitors include: Warnaco ('Chaps' brand); Nautica Enterprises ('Nautica' brand); Polo/Ralph Lauren L.P. ('Polo' brand); Ashworth and Tommy Hilfiger.

The shoe industry is characterized by fragmented competition. Consequently, retailers and consumers have a wide variety of choices regarding brands, style and price. However, over the years, Bass has maintained its important position in the traditional casual footwear market, and few of its competitors have the significant brand recognition of Bass. The Company's primary competitors include Dexter, Rockport, Eastland, Sperry and Sebago. The Company believes, however, that it manufactures a more extensive line of footwear for both genders and children and in a broader price range than any of its competitors.

Based on the variety of the apparel and footwear marketed by the Company, the various channels of distribution it has developed, its logistics and sourcing expertise, and the strength of the Company's brands, the Company believes it is particularly well-positioned to compete in the apparel and footwear industries.

MERCHANDISE DESIGN AND PRODUCT PROCUREMENT

Each brand employs its own designers, product line builders and separate merchandise product development groups, creating a structure that focuses on the brand's special qualities and identity. These designers, product line builders and merchants consider consumer taste, fashion trends and the economic environment when creating a product plan for a particular season for their brand. Each brand also employs sourcing specialists who focus on the manufacturing and sourcing needs of the particular brand. In addition, the Company operates a world-wide network providing technical support and quality control to those sourcing specialists. The apparel and footwear merchandise manufactured by the Company, as well as the vast majority of its sourced products, are planned, designed and sourced through the efforts of its various merchandise/product development and sourcing groups.

The process from initial design to finished product varies greatly, but generally spans nine to 12 months prior to each selling season. Apparel and footwear product lines are developed primarily for two major selling seasons, spring and fall. However, certain of the Company's product lines require more frequent introductions of new merchandise. Raw materials and production commitments are generally made four to 12 months prior to production and quantities are finalized at that time. In addition, sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made both to increase or reduce availability. The Company's substantial efforts in the area of quick response to sales trends (through the expanded use of EDI) enhance its inventory flexibility and reduce production overruns. EDI provides a computer link between the Company and its wholesale customers that enables both the customer and the Company to track sales, inventory and

shipments; currently, 65% of the Company's total invoices are handled using EDI. Use of the system also reduces the amount of time it takes a customer to determine its inventory needs and order replenishment merchandise and for the Company to respond to the customer's order.

Dress shirts are manufactured in the Company's domestic apparel manufacturing facilities in Alabama and Arkansas as well as in Costa Rica, Guatemala and Honduras. However, most of the Company's dress shirts and substantially all of its sportswear are sourced and manufactured to the Company's specifications by independent manufacturers in the Far East, Middle East and Caribbean areas who meet its quality and cost requirements. Footwear is manufactured in the Company's factories located in Puerto Rico and the Dominican Republic. However, approximately 80% of the Company's footwear is sourced to independent manufacturers which meet its quality and cost requirements, principally located in Brazil and the Far East.

The Company's foreign offices, located principally in Hong Kong, Taiwan, the Philippines, Singapore and throughout Central America, enable the Company to monitor the quality of the goods manufactured by, and the delivery performance of, its suppliers. The Company continually seeks additional suppliers throughout the world for its sourcing needs and places its orders in a manner designed to limit the risk that a disruption of production at any one facility could cause a serious inventory problem. The Company has not experienced significant production delays or difficulties in importing goods. However, from time to time the Company has incurred added costs by shipping goods by air freight in order to meet certain delivery commitments to its customers. The Company's purchases from its suppliers are effected through individual purchase orders specifying the price and quantity of the items to be produced. Generally, the Company does not have any long-term, formal arrangements with any of the suppliers which manufacture its products. The Company believes that it is the largest customer of many of its manufacturing suppliers and that its long-standing relationships with its suppliers provide the Company with a competitive advantage over its competitors. No single supplier is critical to the Company's production needs, and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement production capacity.

The Company purchases raw materials, including shirting fabric, buttons, thread, labels, yarn, piece goods and leather, from domestic and foreign sources based on quality, pricing and availability (including quotas and duties). The Company believes it is one of the largest procurers of shirting fabric worldwide and purchases the majority of its shirting fabric from overseas manufacturers, due, principally, to decreased domestic production. The Company monitors factors affecting textile production and imports and remains flexible in order to exploit advantages in obtaining materials from different suppliers and different geographic regions. Rawhide leather for Bass footwear is procured mainly from domestic suppliers. Bass monitors the leather market and makes purchases on the spot market or through blanket contracts with suppliers as price trends dictate. No single supplier of raw materials is critical to the Company's production needs and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement raw materials.

ADVERTISING AND PROMOTION

The Company has used national advertising to communicate the Company's marketing message since the 1920s. In recent years, the Company focused on cooperative advertising, through which the Company and individual retailers combine their efforts and share the cost of store radio, television and newspaper advertisements and in-store advertising and promotional events featuring the Company's branded products. While the Company believes that this effort has helped create strong brand awareness and a high recognition factor among American consumers, as well as contributed to the overall success of the Company, in fiscal 1997 the Company increased its media marketing activities in an aggressive fashion by also communicating its brand position directly to the American consumer. The Company's advertising expenses increased by $18.4 million to $37.8 million.

The Company advertises primarily in national print media, including fashion, entertainment/human interest, business, men's, women's and sports magazines. The Company continues its efforts in

cooperative advertising, as it
believes that brand awareness and in-store positioning is further supplemented by the Company's continuation of such a program.

In the Company's retail sector, the Company relies 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.

TRADEMARKS

The Company has the exclusive right to use the Izod and Gant names in most countries, the Van Heusen name in North, Central and South America as well as the Philippines, and the exclusive worldwide right to use the Bass name for footwear. The Company has registered or applied for registration of numerous other trademarks for use on a variety of items of apparel and footwear and related products and owns many foreign trademark registrations. It presently has pending a number of applications for additional trademark registrations. The Company regards its trademarks and other proprietary rights as valuable assets and believes that they have significant value in the marketing of its products.

LICENSING

The Company has various agreements under which it licenses the use of its brand names. The Company is licensing the Van Heusen name for apparel products in Canada and in most of the South and Central American countries. In the United States, the Company currently licenses the use of the Van Heusen name for various products that it does not manufacture or source, including boy's apparel, sleepwear, eyeglasses, neckwear and other accessories and is exploring the possibility of licensing the name for use on other products. The Company licenses the use of the Gant name for a complete range of sportswear and footwear in Europe, Australia, New Zealand and the Far East. (During 1995, the Company acquired 25% of the Gant licensee, Pyramid Sportswear, and has an option to purchase the remaining 75% beginning in the year 2000.) The Company also licenses the use of the Gant name for dress furnishings in the United States. The Company licenses the use of the Izod name for infants, toddlers and children's clothing, as well as 'big and tall' apparel, in the United States, and for men's and women's sportswear in Canada.

The Company plans to continue expanding its worldwide marketing efforts, utilizing licenses and other techniques for all its brands, especially under the Izod and Gant trademarks. A substantial portion of sales by its domestic licensing partners are made to the Company's largest customers. While the Company has significant control over its licensing partners' products and advertising, it relies on its licensing partners for, among other things, operational and financial control over their businesses. In addition, failure by the Company to maintain its existing licensing alliances could adversely affect the Company's financial condition and results of operations. Although the Company believes in most circumstances it could replace existing licensing partners if necessary, its inability to do so for any period of time could adversely affect the Company's revenues both directly from reduced licensing revenue received and indirectly from reduced sales of the Company's other products. To the extent the equity and awareness of each of the Company's brands grows, the Company expects to gain even greater opportunities to build on its licensing efforts.

TARIFFS AND IMPORT RESTRICTIONS

A substantial portion of the Company's products is manufactured by contractors located outside the United States. These products are imported and are subject to United States Customs laws, which impose tariffs as well as import quota restrictions established by the United States government. However, a significant portion of the Company's apparel products is imported from its Caribbean Basin manufacturing facilities and is therefore eligible for certain duty-advantaged programs commonly known as '807 Programs'. While importation of goods from certain countries from which the Company obtains goods may be subject to embargo by United States Customs authorities if shipments exceed quota limits, the Company closely monitors import quotas and can, in most cases, shift production to

contractors located in countries with available quotas. The existence of import quotas has, therefore, not had a material adverse effect on the Company's business.

EMPLOYEES

As of February 1, 1998, the Company employed approximately 8,450 persons on a full-time basis and approximately 3,400 persons on a part-time basis. Approximately 5% of the Company's 11,850 employees are represented for the purpose of collective bargaining by three different unions. Additional persons, some represented by these three unions, are employed from time to time based upon the Company's manufacturing schedules and retailing seasonal needs. The Company believes that its relations with its employees are satisfactory. As a result of the restructuring and reorganization of the Company's operations over the past three years, the number of the Company's employees will have been reduced by approximately 3,400 persons.

PROPERTIES

The Company maintains its principal executive offices at 1290 Avenue of the Americas, New York, New York, occupying approximately 80,000 square feet under a sub-lease which expires on December 30, 1998. The Company also maintains administrative offices at 404 Fifth Avenue, New York, New York, where the Company occupies approximately 38,000 square feet under a lease which expires on December 31, 1998; in Bridgewater, New Jersey, where the Company occupies a building of approximately 153,000 square feet under a lease which expires on July 30, 2007; and in Portland, Maine, where the Company occupies a building of approximately 95,000 square feet under a lease which expires on October 1, 2008. The Company expects to move at the end of 1998 or early in 1999 in order to consolidate its offices now located at 1290 Avenue of the Americas and 404 Fifth Avenue, New York, New York and has entered into a lease for approximately 132,400 square feet at 200 Madison Avenue, New York, New York. That lease will expire on May 31, 2014, subject to certain renewal options. The following tables summarize the other manufacturing facilities, warehouses and distribution centers, administrative offices and retail stores of the Company as of February 1, 1998:

Apparel

	SQUARE FEET OF FLOOR SPACE (000'S)		
	OWNED	LEASED	TOTAL
Manufacturing Facilities	239	127	366
Warehouses and Distribution Centers	1,770	146	1,916
Administrative	16	311	327
Retail Stores	6	1,759	1,765
	2,031	2,343	4,374

Footwear and Related Products

	OWNED	LEASED	TOTAL
Manufacturing Facilities	274	151	425
Warehouses and Distribution Centers	209	57	266
Administrative	20	115	135
Retail Stores	8	1,381	1,389
	511	1,704	2,215

For information with respect to minimum annual rental commitments under leases in which the Company is a lessee, see the note entitled 'Leases' in the Notes to Consolidated Financial Statements.

MANAGEMENT

The following table sets forth information with respect to the officers of the Company:

NAME	POSITION	AGE
Bruce J. Klatsky	Chairman and Chief Executive Officer; Director	49
Mark Weber	President and Chief Operating Officer; Director	49
Irwin W. Winter	Executive Vice President and Chief Financial Officer; Director	64
Allen E. Sirkin	Vice Chairman	55
Michael J. Blitzer	Vice Chairman	48
Mitchell Kates	Senior Vice President -- Marketing and Strategic Development	43
Emanuel Chirico	Vice President and Controller	40
Pamela N. Hootkin	Vice President, Treasurer and Secretary	50
Eugene O. Kessler	Vice President -- Human Resources	55

Mr. Bruce J. Klatsky has been employed by the Company in various capacities over the last 26 years, and was President of the Company from 1987 to March 1998. Mr. Klatsky was named Chief Executive Officer in June of 1993 and Chairman of the Board of Directors in June of 1994.

Mr. Mark Weber has been employed by the Company in various capacities over the last 26 years, had been a Vice President of the Company since 1988, was Vice Chairman of the Company since 1995 and was named President and Chief Operating Officer in 1998.

Mr. Irwin W. Winter joined the Company in 1987 as Vice President, Finance and Chief Financial Officer and has over 30 years of experience in the apparel industry.

Mr. Allen E. Sirkin has been employed by the Company since 1985. He served as Chairman of the Company's Apparel Group since 1990 and was named Vice Chairman of the Company in 1995.

Mr. Michael J. Blitzer has been employed by the Company since 1980. In 1998, Mr. Blitzer was named Vice Chairman and Chairman of G.H. Bass & Co. Prior to that, Mr. Blitzer served as Senior Vice President of the Company since 1995 and President of the Company's Van Heusen retail operations since 1990.

Mr. Mitchell Kates joined the Company in 1998 as Senior Vice President -- Marketing and Strategic Development. Prior to that, Mr. Kates served as a consultant with Monitor Company, a management consulting firm.

Mr. Emanuel Chirico has been employed by the Company as Vice President and Controller since 1993. Prior to that, Mr. Chirico was a partner with the accounting firm of Ernst and Young LLP.

Ms. Pamela N. Hootkin has been employed by the Company as Vice President, Treasurer and Secretary since 1988. Prior to that, Ms. Hootkin was the Chief Financial Officer of Yves Saint Laurent Parfums, Inc.

Mr. Eugene O. Kessler has been employed by the Company in various capacities since 1981. In 1988, Mr. Kessler was named Vice President -- Human Resources.

The following table lists the non-employee directors of the Company:

NAME	PRINCIPAL OCCUPATION	AGE
Edward H. Cohen	Senior Partner of Rosenman & Colin LLP, a law firm	59
Joseph B. Fuller	Director of Monitor Company, a management consulting firm	41
Joel H. Goldberg	President of Career Consultants, Inc., a management consulting firm	54
Marc Grosman	Founder and Chief Executive Officer of Marc Laurent SA, the owner of a chain of European apparel stores which trade under the name CELIO	46
Dennis F. Hightower	Professor of Management, Harvard University, Graduate School of Business Administration	56
Maria Elena Lagomasino	Senior Vice President of The Chase Manhattan Bank	49
Harry N.S. Lee	Director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong	55
Bruce Maggin	Principal of The H.A.M. Media Group, LLC, a media investment company	55
Sylvia M. Rhone	Chairman and Chief Executive Officer of the Elektra Entertainment Group of Time-Warner Inc.	46
Peter J. Solomon	Chairman of Peter J. Solomon Company, Ltd., an investment banking firm	59

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information as of May 3, 1998 (unless otherwise noted) with respect to each person who is known to the Company to be the beneficial owner of more than five percent of the outstanding shares of the Company's common stock, par value $1.00 per share (the 'Common Stock').

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT BENEFICIALLY OWNED	PERCENT OF CLASS
The Crabbe Huson Group, Inc.(1) ..... 121 SW Morrison Suite 1400 Portland, Oregon 97204	4,844,300	17.9%
Vaneton International, Inc.(2) ..... P.O. Box 3340 Road Town Tortola, British Virgin Islands	2,860,001	10.5
Mellon Bank Corporation(3) ..... One Mellon Bank Center Pittsburgh, Pennsylvania 15258	1,796,453	6.6
Phillips-Van Heusen Corporation Investment Committee ..... 1290 Avenue of the Americas New York, New York 10104	1,398,044	5.1

(1) The Crabbe Huson Group, Inc. ('CHG') is a registered investment advisor which, as of February 2, 1998, shares voting and dispositive power with approximately 60 investors for whom it serves as investment advisor with respect to the 4,844,300 shares of Common Stock owned by such investors. CHG disclaims beneficial ownership of all shares owned by such investors. Information as to the shares of Common Stock owned by CHG is as set forth in a Schedule 13G filed with the Commission.

(2) Dr. Richard Lee, 6/F TAL Building, 49 Austin Road, Kowloon, Hong Kong, may be deemed to beneficially own the 2,860,001 shares of Common Stock owned of record by Vaneton International, Inc. Dr. Richard Lee and Vaneton International, Inc. have shared voting and dispositive power over such shares. Information as to the shares of Common Stock beneficially owned by Vaneton International, Inc. and Dr. Richard Lee is as of March 5, 1998 and as set forth in information filed with the Company.

(3) Mellon Bank Corporation ('MBC') is the parent company of Boston Group Holdings, Inc. ('BGH') which is the parent company of The Boston Company, Inc. ('TBC'). Each of BGH and TBC may be deemed to be the beneficial owner of 1,427,155 shares of Common Stock (5.3% of the class). Each of MBC, BGH and TBC has disclaimed beneficial ownership of such shares. Information as to the shares of Common Stock beneficially owned by MBC, BGH and TBC is as of January 23, 1998 and as set forth in a Schedule 13G filed with the Commission.

(4) Includes all shares held by Wachovia Bank, N.A. as trustee under the Master Trust Agreement relating to the Company's Associates Investment Plan and its Associates Investment Plan for Associates in Puerto Rico. Wachovia Bank, N.A. does not have dispositive power as to the shares of Common Stock beneficially owned by it.

DESCRIPTION OF SENIOR DEBT

CREDIT FACILITY. The Company and The Chase Manhattan Bank ('Chase') and Citicorp USA, Inc. ('Citicorp') and a syndicate of lenders have entered into a senior secured revolving credit facility agreement, which provides for loans in the aggregate principal amount of $325.0 million (the 'Credit Facility'). In connection with such financing, Chase acts as administrative agent and collateral agent and Citicorp acts as documentation agent.

Borrowings under the Credit Facility bear interest, at the Company's option, (a) at a rate equal to Adjusted LIBOR plus 1.25% per annum or (b) the Alternate Base Rate (as defined therein) plus 0.25% per annum. The spread over Adjusted LIBOR or the Alternate Base Rate is subject to change depending on certain performance measures.

The Credit Facility has a term of five years and is fully revolving until final maturity. The Credit Facility is secured by all of the stock of certain of the Company's present and future subsidiaries (which pledge, in the case of foreign subsidiaries, is limited to 65% of the voting stock of each directly owned foreign subsidiary to the extent the pledge of any greater percentage would result in adverse tax consequences to the Company) and by substantially all of the other present and future domestic property and assets of the Company and its domestic subsidiaries.

The Credit Facility contains certain financial covenants, including, but not limited to, covenants related to interest coverage, a leverage test and a limitation on capital expenditures. In addition, the Credit Facility contains other affirmative and negative covenants relating to (among other things) liens, limitations on other debt, transactions with affiliates, mergers and acquisitions, sales of assets, leases, restricted junior payments, capital expenditures, guarantees and investments. The Credit Facility contains customary events of default, including certain changes in control of the Company.

2023 DEBENTURES. The 2023 Debentures rank pari passu in right of payment with the Credit Facility and rank senior in right of payment to the Notes. The 2023 Debentures will be secured pari passu with the Credit Facility by all of the stock of certain of the Company's present and future subsidiaries (which pledge, in the case of foreign subsidiaries, shall be limited to 65% of the voting stock of each directly owned foreign subsidiary to the extent the pledge of any greater percentage would result in adverse tax consequences to the Company) and by substantially all of the other present and future domestic property and assets of the Company and its domestic subsidiaries.

DESCRIPTION OF EXCHANGE NOTES

The Initial Notes have been, and the Exchange Notes are to be, issued under the Indenture, dated as of April 22, 1998 between the Company and Union Bank of California, N.A., as trustee (the 'Trustee'). The statements under this caption relating to the Notes and the Indenture are summaries and do not purport to be complete, and are subject to, and are qualified in their entirety by reference to, all the provisions of the Indenture, including the definitions of certain terms therein. The Indenture is by its terms subject to and governed by the Trust Indenture Act of 1939. Unless otherwise indicated, references under this caption to sections, 'Section' or articles are references to the Indenture. Where reference is made to particular provisions of the Indenture or to defined terms not otherwise defined herein, such provisions or defined terms are incorporated herein by reference. Copies of the Indenture and of the Registration Rights Agreement referred to below (see '-- Registration Covenant -- Exchange Offer' below) will be available at the corporate trust office of the Trustee.

GENERAL

The Exchange Notes will be unsecured obligations of the Company, will be limited to $150 million aggregate principal amount and will mature on May 1, 2008. The Exchange Notes will bear interest at the rate per annum shown on the front cover of this Prospectus from April 22, 1998 or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semi-annually on May 1 and November 1 of each year, commencing November 1, 1998, to the Person in whose name the Exchange Note (or any predecessor Note) is registered at the close of business on the preceding April 15 or October 15, as the case may be. Settlement for the Exchange Notes will be made in immediately available funds and payments by the Company in respect of the Exchange Notes (including principal, premium, if any, and interest) will be made in immediately available funds. Interest on the Exchange Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. (SectionSection 301, 308 and 311)

Principal of, premium, if any, and interest on the Exchange Notes will be payable, and the Exchange Notes may be exchanged or transferred, at the office or agency of the Company in San Francisco, California (which initially shall be the corporate trust office of the Trustee, at Union Bank of California, N.A., 475 Sansome Street - 12th Floor, San Francisco California 94111; telephone (415) 296-6757, except that, at the option of the Company, payment of interest may be made by check mailed to the address of the holders as such address appears in the Exchange Note register).

The Exchange Notes will be issued only in fully registered form, without coupons, in denominations of $1,000 and any integral multiple of $1,000. No service charge shall be made for any registration of transfer or exchange of Exchange Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

FORM, DENOMINATION, TRANSFER, EXCHANGE AND BOOK-ENTRY PROCEDURES

The Exchange Notes will be issued only in fully registered form, without interest coupons, in denominations of $1,000 and integral multiples thereof. The Exchange Notes will not be issued in bearer form.

Global Exchange Notes. The Exchange Notes initially will be represented by one or more Notes in registered global form without interest coupons (collectively, the 'Global Exchange Note'). A Global Exchange Note will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company ('DTC'), in New York, New York and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Transfers of beneficial interests in a Global Exchange Note will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and CEDEL), which may change from time to time.

Except as set forth below, a Global Exchange Note may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in a

Exchange Note may not be exchanged for Exchange Notes in certificated form except in the limited circumstances described below under '-- Exchanges of Book-Entry Notes for Certificated Notes'.

Holders whose Initial Notes were issued in registered certificated form without interest coupons (the 'Certificated Initial Notes') are entitled to receive Exchange Notes in registered certificated form without interest coupons (the 'Certificated Exchange Notes') instead of a beneficial interest in a Global Exchange Note. Holders tendering Certificated Initial Notes who wish to receive an interest in the Global Exchange Note may elect to do so by so indicating in the Letter of Transmittal.

EXCHANGES OF BOOK-ENTRY NOTES FOR CERTIFICATED NOTES. A beneficial interest in a Global Exchange Note may not be exchanged for an Exchange Note in certificated form unless (i) DTC (x) notifies the Company that it is unwilling or unable to continue as Depositary for the Global Exchange Note or (y) has ceased to be a clearing agency registered under the Exchange Act, and in either case the Company thereupon fails to appoint a successor Depositary within 90 days, (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Exchange Notes in certificated form or (iii) there shall have occurred and be continuing an Event of Default or any Event which after notice or lapse of time or both would be an Event of Default with respect to the Exchange Notes. In all cases, certificated Exchange Notes delivered in exchange for any Global Exchange Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary (in accordance with its customary procedures). Any such exchange will be effected through the DWAC system, and an appropriate adjustment will be made in the records of the Security Registrar to reflect a decrease in the principal amount of the relevant Global Exchange Note.

CERTAIN BOOK-ENTRY PROCEDURES. The descriptions of the operations and procedures of DTC, Euroclear and CEDEL that follow are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them from time to time. The Company takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Company as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a 'clearing corporation' within the meaning of the Uniform Commercial Code and a 'Clearing Agency' registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants ('participants') and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ('indirect participants').

DTC has advised the Company that its current practice, upon the issuance of a Global Exchange Note, is to credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Exchange Note to the accounts with DTC of the participants through which such interests are to be held. Ownership of beneficial interests in a Global Exchange Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominees (with respect to interests of participants) and the records of participants and indirect participants (with respect to interests of persons other than participants).

AS LONG AS DTC, OR ITS NOMINEE, IS THE REGISTERED HOLDER OF A GLOBAL EXCHANGE NOTE, DTC OR SUCH NOMINEE, AS THE CASE MAY BE, WILL BE CONSIDERED THE SOLE OWNER AND HOLDER OF THE EXCHANGE NOTES REPRESENTED BY SUCH GLOBAL EXCHANGE NOTE FOR ALL PURPOSES UNDER THE INDENTURE AND THE EXCHANGE NOTES. Except in the limited circumstances described above under '-- Exchanges of Book-Entry Exchange Notes for Certificated Notes', owners of beneficial interests in a Global Exchange Note will not be entitled to have any portions of such Global Exchange Note

registered in their names, will not receive or be entitled to receive physical delivery of Exchange Notes in definitive form and will not be considered the owners or Holders of the Global Exchange Note (or any Exchange Note represented thereby) under the Indenture or the Exchange Notes.

Investors may hold their interests in a Global Exchange Note directly through DTC, if they are participants in such system, or indirectly through organizations (including Euroclear and CEDEL) which are participants in such system. Investors also may hold their interests in a Global Exchange Note through organizations other than CEDEL and Euroclear that are participants in the DTC system. CEDEL and Euroclear will hold interests in any Global Exchange Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. The depositories, in turn, will hold such interests in such Global Exchange Notes in customers' securities accounts in the depositories' names on the books of DTC. All interest in a Global Exchange Note, including those held through Euroclear or CEDEL, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or CEDEL will also be subject to the procedures and requirements of such system.

The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Exchange Note to such persons may be limited to that extent. Because DTC can act only on behalf of its participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having beneficial interests in a Global Exchange Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Payments of the principal of, premium, if any, and interest on, Global Exchange Notes will be made to DTC or its nominee as the registered owner thereof. Neither the Company, the Trustee nor any of their respective agents will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Exchange Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Exchange Note representing any Exchange Notes held by it or its nominee, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Exchange Note for such Exchange Notes as shown on the records of DTC or its nominee. The Company also expects that payments by participants to owners of beneficial interests in such Global Exchange Note held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers registered in 'street name'. Such payment will be the responsibility of such participants.

Except for trades involving only Euroclear and CEDEL participants, interests in the Global Exchange Note will trade in DTC's settlement system and secondary market trading activity in such interests will therefore settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear and CEDEL will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer and exchange applicable to the Exchange Notes described elsewhere herein, cross-market transfers between DTC participants, on the one hand, and Euroclear or CEDEL participants, on the other hand, will be effected by DTC in accordance with DTC's rules on behalf of Euroclear or CEDEL, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or CEDEL, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or CEDEL, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global

Exchange Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and CEDEL participants may not deliver instructions directly to the depositories for Euroclear or CEDEL.

Because of time zone differences, the securities account of a Euroclear or CEDEL participant purchasing an interest in a Global Exchange Note from a DTC participant will be credited, and any such crediting will be reported to the relevant Euroclear or CEDEL participant, during the securities settlement processing day (which must be a business day for Euroclear and CEDEL) immediately following the DTC settlement date. Cash received in Euroclear or CEDEL as a result of sales of interests in a Global Exchange Note by or through a Euroclear or CEDEL participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or CEDEL cash account only as of the business day for Euroclear or CEDEL following the DTC settlement date.

DTC has advised the Company that it will take any action permitted to be taken by a holder of Exchange Notes (including the presentation of Exchange Notes for exchange as described below and the conversion of Exchange Notes) only at the direction of one or more participants to whose account the DTC interests in the Global Exchange Notes are credited and only in respect of such portion of the aggregate principal amount of the Exchange Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default (as defined below) under the Exchange Notes, the Global Notes will be exchanged for Exchange Notes in certificated form, and distributed to DTC's participants.

Although DTC, Euroclear and CEDEL have agreed to the foregoing procedures in order to facilitate transfers of beneficial ownership interests in the Global Exchange Notes among participants of DTC, Euroclear and CEDEL, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear and CEDEL, their participants or indirect participants of their respective obligations under the rules and procedures governing their operations, including maintaining, supervising or reviewing the records relating to, or payments made on account of, beneficial ownership interests in Global Exchange Notes.

OPTIONAL REDEMPTION

The Exchange Notes will be subject to redemption, at the option of the Company, in whole or in part, at any time on or after May 1, 2003 and prior to maturity, upon not less than 30 nor more than 60 days' notice mailed to each holder of Exchange Notes to be redeemed at such holder's address appearing in the Note Register, in amounts of $1,000 or an integral multiple of $1,000, at the following Redemption Prices (expressed as percentages of the principal amount) plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date), if redeemed during the 12-month period beginning May 1 of the years indicated:

YEAR	REDEMPTION PRICE
2003	104.750%
2004	103.167%
2005	101.583%
2006 and thereafter	100.000%

(Sections 203, 1101, 1105 and 1107)

In addition, if on or before May 1, 2001 the Company receives net proceeds from the sale of its Common Stock in one or more Public Equity Offerings, the Company may, at its option, use an amount equal to all or a portion of any such net proceeds to redeem Exchange Notes in an aggregate principal amount of up to one-third of the original principal amount of the Exchange Notes, provided, however, that Exchange Notes having a principal amount equal to at least two-thirds of the original principal amount of the Exchange Notes remain outstanding after such redemption. Such redemption must occur

on a Redemption Date within 90 days of such sale and upon not less than 30 nor more than 60 days' notice mailed to each holder of Exchange Notes to be redeemed at such holder's address appearing in the Note Register, in amounts of $1,000 or an integral multiple of $1,000, at a redemption price of 109.50% of the principal amount of the Exchange Notes plus accrued interest to but excluding the Redemption Date (subject to the right of holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date).

If less than all the Exchange Notes are to be redeemed, the Trustee shall select, in such manner as it shall deem fair and appropriate, the particular Exchange Notes to be redeemed or any portion thereof that is an integral multiple of $1,000. (Section 1101)

The Exchange Notes will not have the benefit of any sinking fund.

SUBORDINATION

The indebtedness evidenced by the Exchange Notes will, to the extent set forth in the Indenture, be subordinate in right of payment to the prior payment in full in cash of all Senior Debt. Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding-up, reorganization, assignment for the benefit of creditors or marshaling of assets of the Company, whether voluntary or involuntary, or any bankruptcy, insolvency, receivership or similar proceedings of the Company, the holders of all Senior Debt will first be entitled to receive payment in full in cash of such Senior Debt, or provision made for such payment, before the holders of the Exchange Notes will be entitled to receive any payment in respect of the principal of or premium, if any, or interest on, or any obligation to repurchase, the Exchange Notes. In the event that notwithstanding the foregoing, the Trustee or the holder of any Exchange Note receives any payment or distribution of assets of the Company of any kind or character (including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Exchange Notes), before all the Senior Debt is so paid in full, then such payment or distribution will be required to be paid over or delivered forthwith to the trustee in bankruptcy or other person making payment or distribution of assets of the Company for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay the Senior Debt in full.

No payments on account of principal of, premium, if any, or interest on, or in respect of the purchase, redemption or other acquisition of, the Exchange Notes, and no defeasance of the Exchange Notes, may be made if there shall have occurred and be continuing a Senior Payment Default. 'Senior Payment Default' means any default in the payment of any principal of or premium, if any, or interest on Designated Senior Debt when due, whether at the stated maturity of any such payment or by declaration of acceleration, call for redemption or otherwise.

Upon the occurrence of a Senior Nonmonetary Default and receipt of written notice by the Company and the Trustee of the occurrence of such Senior Nonmonetary Default from any holder of Designated Senior Debt (or any trustee, agent or other representative for such holder) which is the subject of such Senior Nonmonetary Default, no payments on account of principal of, premium, if any, or interest on, or in respect of the purchase, redemption or other acquisition of, the Exchange Notes, and no defeasance of the Exchange Notes, may be made for a period (the 'Payment Blockage Period') commencing on the date of the receipt of such notice and ending the earlier of (i) the date on which such Senior Nonmonetary Default shall have been cured or waived or ceased to exist or all Designated Senior Debt the subject of such Senior Nonmonetary Default shall have been discharged and (ii) the 179th day after the date of the receipt of such notice. In any event, no more than one Payment Blockage Period may be commenced during any 360-day period, and there shall be a period of at least 181 days during each 360-day period when no Payment Blockage Period is in effect. In addition, no Senior Nonmonetary Default that existed or was continuing on the date of the commencement of a Payment Blockage Period may be made the basis of the commencement of a subsequent Payment Blockage Period whether or not within a period of 360 consecutive days, unless such Senior Nonmonetary Default shall have been cured for a period of not less than 90 consecutive days. 'Senior Nonmonetary Default' means the occurrence or existence and continuance of an event of default with respect to Senior Debt, other than a Senior Payment Default, permitting the holders of the Designated Senior Debt (or a trustee

or other agent on behalf of the holders thereof) then to declare such Designated Senior Debt due and payable prior to the date on which it would otherwise become due and payable.

The failure to make any payment on the Exchange Notes by reason of the provisions of the Indenture described under this caption 'Subordination' will not be construed as preventing the occurrence of an Event of Default with respect to the Exchange Notes arising from any such failure to make payment. Upon termination of any period of payment blockage the Company shall resume making any and all required payments in respect of the Exchange Notes, including any missed payments.

'Senior Debt' means (i) the principal of (and premium, if any) and interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not such claim for post-petition interest is allowed in such proceeding) on, and penalties and any obligation of the Company for reimbursement, indemnities, fees and expenses relating to, the Credit Facility, (ii) every reimbursement obligation of the Company with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of the Company, (iii) the principal of (and premium, if any) and interest on Debt of the Company for money borrowed, whether Incurred on or prior to the date of original issuance of the Initial Notes or thereafter, and any amendments, renewals, extensions, modifications, refinancings and refundings of any such Debt and (iv) Permitted Interest Rate, Currency or Commodity Price Agreements entered into with respect to Debt described in clauses (i), (ii) and (iii) above; provided, however, that the following shall not constitute Senior Debt: (1) any Debt as to which the terms of the instrument creating or evidencing the same provide that such Debt is not superior in right of payment to the Exchange Notes, (2) any Debt which is subordinated in right of payment in any respect to any other Debt of the Company, (3) Debt evidenced by the Exchange Notes, (4) any Debt owed to a Person when such Person is a Subsidiary of the Company, (5) any obligation of the Company arising from Redeemable Stock of the Company, (6) that portion of any Debt which is Incurred in violation of the Indenture and (7) Debt which, when Incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Company. If any Senior Debt is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11, United States Code, or any applicable state fraudulent conveyance law, such Senior Debt nevertheless will constitute Senior Debt.

By reason of such subordination, in the event of insolvency, creditors of the Company who are not holders of Senior Debt or of the Exchange Notes may recover less, ratably, than holders of Senior Debt and more, ratably, than holders of the Exchange Notes.

The subordination provisions described above will not be applicable to payments in respect of the Exchange Notes from a defeasance trust established in connection with any defeasance or covenant defeasance of the Exchange Notes as described under '-- Defeasance'. (Article Thirteen)

COVENANTS

The Indenture contains, among others, the following covenants:

LIMITATION ON CONSOLIDATED DEBT

The Company may not, and may not permit any Restricted Subsidiary of the Company to, Incur any Debt unless immediately after giving pro forma effect to the Incurrence of such Debt and the receipt and application of the proceeds thereof, the Consolidated Cash Flow Coverage Ratio of the Company would be greater than 2.0 to 1, for any Incurrence of Debt prior to May 1, 2001, and 2.5 to 1 for any Incurrence of Debt thereafter.

Notwithstanding the foregoing limitation, the Company may, and may permit any Restricted Subsidiary to, Incur the following Debt:

(i) Debt under the Credit Facility in an aggregate principal amount at any one time not to exceed $325.0 million, less any amounts by which any revolving credit facility commitments under the Credit Facility are permanently reduced pursuant to the 'Limitation on Asset Dispositions' covenant below (so long as and to the extent that any required payments in connection therewith are actually made);

(ii) the original issuance by the Company of the Debt evidenced by the Notes (including any Exchange Notes);

(iii) Debt (other than Debt described in another clause of this paragraph) outstanding or committed on the date of original issuance of the Notes after giving effect to the application of the proceeds of the Exchange Notes, as described in a schedule to the Indenture;

(iv) Debt owed by the Company to any Wholly Owned Restricted Subsidiary of the Company or Debt owed by a Restricted Subsidiary of the Company to the Company or a Wholly Owned Restricted Subsidiary of the Company; provided, however, that upon either (A) the transfer or other disposition by such Wholly Owned Restricted Subsidiary or the Company of any Debt so permitted to a Person other than the Company or another Wholly Owned Restricted Subsidiary of the Company or (B) the issuance (other than directors' qualifying shares), sale, lease, transfer or other disposition of shares of Capital Stock (including by consolidation or merger) of such Wholly Owned Restricted Subsidiary to a Person other than the Company or another such Wholly Owned Restricted Subsidiary, the provisions of this clause (iv) shall no longer be applicable to such Debt and such Debt shall be deemed to have been Incurred at the time of such transfer or other disposition;

(v) Debt consisting of Permitted Interest Rate, Currency or Commodity Price Agreements;

(vi) Debt which is exchanged for or the proceeds of which are used to refinance or refund, or any extension or renewal of, outstanding Debt Incurred pursuant to the first paragraph under this caption or clauses (ii) or (iii) of this paragraph (each of the foregoing, a 'refinancing') in an aggregate principal amount not to exceed the principal amount of the Debt so refinanced plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Debt so refinanced or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated repurchase, plus the expenses of the Company or the Restricted Subsidiary, as the case may be, incurred in connection with such refinancing; provided, however, that (A) Debt the proceeds of which are used to refinance the Exchange Notes or Debt which is pari passu with or subordinate in right of payment to the Exchange Notes shall only be permitted if (x) in the case of any refinancing of the Exchange Notes or Debt which is pari passu to the Exchange Notes, the refinancing Debt is made pari passu to the Exchange Notes or subordinated to the Exchange Notes, and (y) in the case of any refinancing of Debt which is subordinated to the Exchange Notes, the refinancing Debt constitutes Subordinated Debt; (B) the refinancing Debt by its terms, or by the terms of any agreement or instrument pursuant to which such Debt is issued, (1) does not provide for payments of principal of such Debt at the stated maturity thereof or by way of a sinking fund applicable thereto or by way of any mandatory redemption, defeasance, retirement or repurchase thereof (including any redemption, defeasance, retirement or repurchase which is contingent upon events or circumstances, but excluding any retirement required by virtue of acceleration of such Debt upon any event of default thereunder), in each case prior to the stated maturity of the Debt being refinanced and (2) does not permit redemption or other retirement (including pursuant to an offer to purchase) of such debt at the option of the holder thereof prior to the final stated maturity of the Debt being refinanced), other than a redemption or other retirement at the option of the holder of such Debt (including pursuant to an offer to purchase) which is conditioned upon provisions substantially similar to those described under '-- Change of Control' and '-- Limitation on Asset Dispositions'; and (C) in the case of any refinancing of Debt Incurred by the Company, the refinancing Debt may be Incurred only by the Company, and in the case of any refinancing of Debt Incurred by a Restricted Subsidiary, the refinancing Debt may be Incurred only by such Restricted Subsidiary; provided, further, that Debt Incurred pursuant to this clause (vi) may not be Incurred more than 45 days prior to the application of the proceeds to repay the Debt to be refinanced; and

(vii) Debt not otherwise permitted to be Incurred pursuant to clauses (i) through (vi) above, which, together with any other outstanding Debt Incurred pursuant to this clause (vii), has an aggregate principal amount not in excess of $50 million at any time outstanding. (Section 1008)

LIMITATION ON SENIOR SUBORDINATED DEBT

The Company may not Incur any Debt which by its terms is both (i) subordinated in right of payment to any Senior Debt and (ii) senior in right of payment to the Exchange Notes. (Section 1009)

LIMITATION ON ISSUANCE OF GUARANTEES OF SUBORDINATED DEBT

The Company may not permit any Restricted Subsidiary, directly or indirectly, to assume, guarantee or in any other manner become liable with respect to any Debt of the Company that by its terms is pari passu or junior in right of payment to the Exchange Notes. (Section 1010)

LIMITATION ON LIENS

The Company may not, and may not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Lien on or with respect to any property or assets of the Company or any such Restricted Subsidiary now owned or hereafter acquired to secure Debt which is pari passu with or subordinated in right of payment to the Exchange Notes without making, or causing such Restricted Subsidiary to make, effective provision for securing the Exchange Notes (and, if the Company shall so determine, any other Debt of the Company which is not subordinate to the Exchange Notes or of such Restricted Subsidiary) (x) equally and ratably with such Debt as to such property or assets for so long as such Debt shall be so secured or (y) in the event such Debt is Debt of the Company which is subordinate in right of payment to the Exchange Notes, prior to such Debt as to such property for so long as such Debt will be so secured. The foregoing restrictions shall not apply to Liens in respect of Debt existing at the date of the Indenture or to: (i) Liens securing only the Exchange Notes; (ii) Liens in favor of the Company or a Wholly Owned Restricted Subsidiary; or (iii) Liens to secure Debt incurred to extend, renew, refinance or refund (or successive extensions, renewals, refinancings or refundings), in whole or in part, any Debt secured by Liens referred to in the foregoing clause (i) so long as such Lien does not extend to any other property and the principal amount of Debt so secured is not increased except as otherwise permitted under Clause (vi) of the 'Limitation on Consolidated Debt'. (Section 1011)

LIMITATION ON RESTRICTED PAYMENTS

The Company (i) may not, directly or indirectly, declare or pay any dividend or make any distribution (including any payment in connection with any merger or consolidation derived from assets of the Company or any Restricted Subsidiary) in respect of its Capital Stock or to the holders thereof, excluding any dividends or distributions by the Company payable solely in shares of its Capital Stock (other than Redeemable Stock) or in options, warrants or other rights to acquire its Capital Stock (other than Redeemable Stock), (ii) may not, and may not permit any Restricted Subsidiary to, purchase, redeem, or otherwise acquire or retire for value (a) any Capital Stock of the Company or any Related Person of the Company or (b) any options, warrants or other rights to acquire shares of Capital Stock of the Company or any Related Person of the Company or any securities convertible or exchangeable into shares of Capital Stock of the Company or any Related Person of the Company, (iii) may not make, or permit any Restricted Subsidiary to make, any Investment other than a Permitted Investment, and (iv) may not, and may not permit any Restricted Subsidiary to, redeem, repurchase, defease or otherwise acquire or retire for value prior to any scheduled maturity, repayment or sinking fund payment Debt of the Company which is subordinate in right of payment to the Exchange Notes (each of clauses (i) through (iv) being a 'Restricted Payment') unless, at the time of, and after giving effect to such Restricted Payment, (1) no Event of Default, or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, shall have occurred and is continuing or would result from such Restricted Payment, and (2) after giving pro forma effect to such Restricted Payment as if such Restricted Payment had been made at the beginning of the applicable four-fiscal-quarter period, the Company could Incur at least $1.00 of additional Debt pursuant to the terms of the Indenture described in the first paragraph of 'Limitation on Consolidated Debt' above; provided that in connection with regular quarterly dividends on the Company's Common Stock (not to exceed $7.5 million in the aggregate) declared or payable prior to January 31, 1999, the Company's pro forma capacity to Incur additional Debt shall be computed on a basis that excludes the non-recurring charges recorded during the 1997 fiscal year; and (3) upon giving effect to such Restricted Payment, the aggregate of all

Restricted Payments from the date of issuance of the Exchange Notes does not exceed the sum of: (a) 50% of cumulative Consolidated Net Income (or, in the case Consolidated Net Income shall be negative, less 100% of such deficit) of the Company since the date of issuance of the Exchange Notes through the last day of the last full fiscal quarter ending immediately preceding the date of such Restricted Payment for which quarterly or annual financial statements are available (taken as a single accounting period); plus (b) 100% of the aggregate net proceeds received by the Company after the date of original issuance of the Initial Notes, including the fair market value of property other than cash (determined in good faith by the Board of Directors as evidenced by a resolution of the Board of Directors filed with the Trustee), from the issuance and sale (other than to a Restricted Subsidiary) of Capital Stock (other than Redeemable Stock) of the Company, options, warrants or other rights to acquire Capital Stock (other than Redeemable Stock) of the Company and Debt of the Company that has been converted into or exchanged for Capital Stock (other than Redeemable Stock and other than by or from a Restricted Subsidiary) of the Company after the date of original issuance of the Initial Notes, provided that any such net proceeds received by the Company from an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company shall be included only to the extent such loans have been repaid with cash on or prior to the date of determination; plus (c) $40 million. Prior to the making of any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate setting forth the computations by which the determinations required by clauses (2) and (3) above were made and stating that no Event of Default, or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, has occurred and is continuing or will result from such Restricted Payment.

Notwithstanding the foregoing, so long as no Event of Default, or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, shall have occurred and is continuing or would result therefrom, (i) the Company may pay any dividend on Capital Stock of any class within 60 days after the declaration thereof if, on the date when the dividend was declared, the Company could have paid such dividend in accordance with the foregoing provisions; (ii) the Company may refinance any Debt otherwise permitted by clause (vi) of the second paragraph under 'Limitation on Consolidated Debt' above or solely in exchange for or out of the net proceeds of the substantially concurrent sale (other than from or to a Restricted Subsidiary or from or to an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company) of shares of Capital Stock (other than Redeemable Stock) of the Company, provided that the amount of net proceeds from such exchange or sale shall be excluded from the calculation of the amount available for Restricted Payments pursuant to the preceding paragraph; (iii) the Company may purchase, redeem, acquire or retire any shares of Capital Stock of the Company solely in exchange for or out of the net proceeds of the substantially concurrent sale (other than from or to a Restricted Subsidiary or from or to an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company) of shares of Capital Stock (other than Redeemable Stock) of the Company; and (iv) the Company or a Restricted Subsidiary may purchase or redeem any Debt from Net Available Proceeds to the extent permitted under 'Limitation on Asset Dispositions'.

Any payment made pursuant to clause (i) or (iii) of this paragraph shall be a Restricted Payment for purposes of calculating aggregate Restricted Payments pursuant to the preceding paragraph. (Section 1012)

LIMITATION ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

The Company may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Company (i) to pay dividends (in cash or otherwise) or make any other distributions in respect of its Capital Stock or pay any Debt or other obligation owed to the Company or any other Restricted Subsidiary; (ii) to make loans or advances to the Company or any other Restricted Subsidiary; or (iii) to transfer any of its property or assets to the Company or any other Restricted Subsidiary. Notwithstanding the foregoing, the Company may, and may permit any Restricted Subsidiary to, suffer to exist any such encumbrance or restriction (a) pursuant to any agreement in effect on the date of original issuance of the Initial Notes as described in a schedule to the Indenture; (b) pursuant to an agreement relating to any Debt Incurred by a Person (other than a

Restricted Subsidiary of the Company existing on the date of original issuance of the Initial Notes or any Restricted Subsidiary carrying on any of the businesses of any such Restricted Subsidiary) prior to the date on which such Person became a Restricted Subsidiary of the Company and outstanding on such date and not Incurred in anticipation of becoming a Restricted Subsidiary, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired; (c) pursuant to an agreement effecting a renewal, refunding or extension of Debt Incurred pursuant to an agreement referred to in clause (a) or (b) above, provided, however, that the provisions contained in such renewal, refunding or extension agreement relating to such encumbrance or restriction are no more restrictive in any material respect than the provisions contained in the agreement the subject thereof, as determined in good faith by the Board of Directors and evidenced by a resolution of the Board of Directors filed with the Trustee; (d) pursuant to an agreement relating to Debt of a Restricted Subsidiary that is not materially more restrictive than customary provisions in comparable financing arrangements and which the Board of Directors determines (as evidenced by a resolution of the Board of Directors filed with the Trustee) will not materially impair the Company's ability to make payments under the Exchange Notes; (e) in the case of clause (iii) above, restrictions contained in any security agreement (including a capital lease) securing Debt of a Restricted Subsidiary otherwise permitted under the Indenture, but only to the extent such restrictions restrict the transfer of the property subject to such security agreement; (f) in the case of clause (iii) above, customary nonassignment provisions entered into in the ordinary course of business consistent with past practices in leases and other contracts to the extent such provisions restrict the transfer or subletting of any such lease or the assignment of rights under any such contract; (g) any restriction with respect to a Restricted Subsidiary of the Company imposed pursuant to an agreement which has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary, provided that consummation of such transaction would not result in an Event of Default or an event that, with the passing of time or the giving of notice or both, would constitute an Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into; or (h) such encumbrance or restriction is the result of applicable corporate law or regulation relating to the payment of dividends or distributions. (Section 1013)

LIMITATION ON ASSET DISPOSITIONS

The Company may not, and may not permit any Restricted Subsidiary to, make any Asset Disposition in one or more related transactions unless: (i) the Company or the Restricted Subsidiary, as the case may be, receives consideration for such disposition at least equal to the fair market value for the assets sold or disposed of as determined by the Board of Directors in good faith and evidenced by a resolution of the Board of Directors filed with the Trustee; (ii) at least 85% of the consideration for such disposition consists of cash or readily marketable cash equivalents or the assumption of Debt (other than Debt that is subordinated to the Exchange Notes) relating to such assets and release from all liability on the Debt assumed; and (iii) all Net Available Proceeds, less any amounts invested or committed to be invested within 365 days of such disposition in assets related to the business of the Company or applied to permanently repay Senior Debt, are applied within 365 days of such disposition (1) first, to the permanent repayment or reduction of Senior Debt then outstanding under any agreements or instruments which would require such application or prohibit payments pursuant to clause (2) following, (2) second, to the extent of remaining Net Available Proceeds, to make an Offer to Purchase outstanding Exchange Notes at 100% of their principal amount plus accrued interest to the date of purchase and, to the extent required by the terms thereof, any other Debt of the Company that is pari passu with the Exchange Notes at a price no greater than 100% of the principal amount thereof plus accrued interest to the date of purchase and (3) third, to the extent of any remaining Net Available Proceeds, to any other use as determined by the Company which is not otherwise prohibited by the Indenture. (Section 1014)

TRANSACTIONS WITH AFFILIATES AND RELATED PERSONS

The Company may not, and may not permit any Restricted Subsidiary of the Company to, enter into any transaction (or series of related transactions) with an Affiliate or Related Person of the Company (other than the Company or a Wholly-Owned Restricted Subsidiary of the Company), including any Investment, either directly or indirectly, unless such transaction is on terms no less favorable to the Company or such Restricted Subsidiary than those that could be obtained in a comparable arm's-length transaction with an entity that is not an Affiliate or Related Person. For any transaction that involves in excess of $5,000,000, a majority of the disinterested members of the Board of Directors shall determine that the transaction satisfies the above criteria and shall evidence such a determination by a Board Resolution filed with the Trustee. For any transaction that involves in excess of $10,000,000, the Company shall also obtain an opinion from a nationally recognized expert with experience in appraising the terms and conditions of the type of transaction (or series of related transactions) for which the opinion is required stating that such transaction (or series of related transactions) is on terms no less favorable to the Company or such Restricted Subsidiary than those that could be obtained in a comparable arm's-length transaction with an entity that is not an Affiliate or Related Person of the Company, which opinion shall be filed with the Trustee. (Section 1015)

Notwithstanding anything to the contrary contained in the Indenture, the foregoing provisions shall not apply to (i) transactions with any employee, officer or director of the Company or any of its Restricted Subsidiaries pursuant to employee benefit plans or compensation arrangements or agreements entered into in the ordinary course of business, (ii) purchases or sales of goods or services in the ordinary course of business, or (iii) transactions with any Affiliate or Related Person of the Company in which such Affiliate or Related Person acquires or purchases the capital stock of the Company or any Restricted Subsidiary at fair market value.

CHANGE OF CONTROL

Within 60 days of the occurrence of a Change of Control, the Company will be required to make an Offer to Purchase all Outstanding Exchange Notes at a purchase price equal to 101% of their principal amount plus accrued interest to but excluding the date of purchase. A 'Change of Control' will be deemed to have occurred at such time as either (a) any Person or any Persons acting together that would constitute a 'group' (a 'Group') for purposes of Section 13(d) of the Exchange Act, or any successor provision thereto, together with any Affiliates or Related Persons thereof, shall beneficially own (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision thereto), directly or indirectly, at least 50% of the aggregate voting power of all classes of Voting Stock of the Company (for the purposes of this clause (a) a person shall be deemed to beneficially own the Voting Stock of a corporation that is beneficially owned (as defined above) by another corporation (a 'parent corporation'), if such person beneficially owns (as defined above) at least 50% of the aggregate voting power of all classes of Voting Stock of such parent corporation); or (b) any Person or Group, together with any Affiliates or Related Persons thereof, shall succeed in having a sufficient number of its nominees elected to the Board of Directors of the Company such that such nominees, when added to any existing director remaining on the Board of Directors of the Company after such election who was a nominee of or is an Affiliate or Related Person of such Person or Group, will constitute a majority of the Board of Directors of the Company; or (c) the Company shall, directly or indirectly, transfer, sell, lease or otherwise dispose of all or substantially all of its assets; or (d) there shall be adopted a plan of liquidation or dissolution of the Company; provided, however, that a transaction effected to create a holding company of the Company, (i) pursuant to which the Company becomes a wholly-owned Subsidiary of such holding company, and (ii) as a result of which the holders of Capital Stock of such holding company are substantially the same as the holders of Capital Stock of the Company immediately prior to such transaction, shall not be deemed to involve a 'Change of Control'. (Section 1016)

In the event that the Company makes an Offer to Purchase the Exchange Notes, the Company intends to comply with any applicable securities laws and regulations, including any applicable requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act.

PROVISION OF FINANCIAL INFORMATION

For so long as any of the Exchange Notes are outstanding, the Company shall file with the Commission the annual reports, quarterly reports and other documents which the Company is required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act or any successor provisions thereto. (Section 1017)

UNRESTRICTED SUBSIDIARIES

The Company may designate any Subsidiary of the Company to be an 'Unrestricted Subsidiary' as provided below in which event such Subsidiary and each other Person that is then or thereafter becomes a Subsidiary of such Subsidiary will be deemed to be an Unrestricted Subsidiary. 'Unrestricted Subsidiary' means (1) any Subsidiary designated as such by the Board of Directors as set forth below where (a) neither the Company nor any of its other Subsidiaries (other than another Unrestricted Subsidiary) (i) provides credit support for, or any Guarantee of, any Debt of such Subsidiary or any Subsidiary of such Subsidiary (including any undertaking, agreement or instrument evidencing such Debt) or (ii) is directly or indirectly liable for any Debt of such Subsidiary or any Subsidiary of such Subsidiary, and (b) no default with respect to any Debt of such Subsidiary or any Subsidiary of such Subsidiary (including any right which the holders thereof may have to take enforcement action against such Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Debt of the Company and its Subsidiaries (other than another Unrestricted Subsidiary) to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity and (2) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary, provided that either (x) the Subsidiary to be so designated has total assets of $1,000 or less or (y) immediately after giving effect to such designation, the Company could Incur at least $1.00 of additional Debt pursuant to the first paragraph under '-- Limitation on Consolidated Debt' and provided, further, that the Company could make a Restricted Payment in an amount equal to the greater of the fair market value and book value of such Subsidiary pursuant to 'Limitation on Restricted Payments' and such amount is thereafter treated as a Restricted Payment for the purpose of calculating the aggregate amount available for Restricted Payments thereunder. (Section 1018)

MERGERS, CONSOLIDATIONS AND CERTAIN SALES OF ASSETS

The Company may not, in a single transaction or a series of related transactions, (i) consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into the Company or (ii) directly or indirectly, transfer, sell, lease or otherwise dispose of all or substantially all of its assets unless: (1) in a transaction in which the Company does not survive or in which the Company transfers, sells, leases or otherwise disposes of all or substantially all of its assets, the successor entity to the Company is organized under the laws of the United States of America or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture executed and delivered to the Trustee in form satisfactory to the Trustee, all of the Company's obligations under the Indenture; (2) immediately before and after giving effect to such transaction and treating any Debt which becomes an obligation of the Company or a Restricted Subsidiary as a result of such transaction as having been Incurred by the Company or such Restricted Subsidiary at the time of the transaction, no Event of Default or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing; (3) immediately after giving effect to such transaction, the Consolidated Net Worth of the Company (or other successor entity to the Company) is equal to or greater than that of the Company immediately prior to the transaction; (4) immediately after giving effect to such transaction and treating any Debt which becomes an obligation of the Company or a Restricted Subsidiary as a result of such transaction as having been Incurred by the Company or such Restricted Subsidiary at the time of the transaction, the Company (including any successor entity to the Company) could Incur at least $1.00 of additional Debt pursuant to the provisions of the Indenture described in the

first paragraph under 'Limitation on Consolidated Debt' above; and (5) certain other conditions are met. (Section 801)

CERTAIN DEFINITIONS

Set forth below is a summary of certain of the defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms, as well as any other terms used herein for which no definition is provided. (Section 101)

'Affiliate' of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, 'control' when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms 'controlling' and 'controlled' have meanings correlative to the foregoing.

'Asset Disposition' by any Person means any transfer, conveyance, sale, lease or other disposition by such Person or any of its Restricted Subsidiaries (including any issuance or sale by a Restricted Subsidiary of Capital Stock of such Restricted Subsidiary, and including a consolidation or merger or other sale of any such Restricted Subsidiary with, into or to another Person in a transaction in which such Restricted Subsidiary ceases to be a Restricted Subsidiary, but excluding a disposition by a Restricted Subsidiary of such Person to such Person or a Wholly-Owned Restricted Subsidiary of such Person or by such Person to a Wholly-Owned Restricted Subsidiary of such Person) of (i) shares of Capital Stock (other than directors' qualifying shares) or other ownership interests of a Restricted Subsidiary of such Person, (ii) substantially all of the assets of such Person or any of its Restricted Subsidiaries representing a division or line of business or (iii) other assets or rights of such Person or any of its Restricted Subsidiaries outside of the ordinary course of business, provided in each case that the aggregate consideration to the Company or Restricted Subsidiary in any single transaction or series of related transactions for such transfer, conveyance, sale, lease or other disposition is equal to $20 million or more.

'Capital Lease Obligation' of any Person means the obligation to pay rent or other payment amounts under a lease of (or other Debt arrangements conveying the right to use) real or personal property of such Person which is required to be classified and accounted for as a capital lease or a liability on the face of a balance sheet of such Person in accordance with generally accepted accounting principles. The stated maturity of such obligation shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. The principal amount of such obligation shall be the capitalized amount thereof that would appear on the face of a balance sheet of such Person in accordance with generally accepted accounting principles.

'Capital Stock' of any Person means any and all shares, interests, participations or other equivalents (however designated) of corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person.

'Cash Equivalents' means (i) direct obligations of the United States of America or any agency thereof having maturities of not more than one year from the date of acquisition, (ii) time deposits and certificates of deposit of any domestic commercial bank or recognized standing having capital and surplus in excess of $500 million, with maturities of not more than one year from the date of acquisition, (iii) repurchase obligations issued by any bank described in clause (ii) above with a term not to exceed 30 days; (iv) commercial paper rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's, in each case maturing within one year after the date of acquisition and (v) shares of any money market mutual fund, or similar fund, in each case having assets in excess of $500 million, which invests predominantly in investments of the types describes in clauses (i) through (iv) above.

'Common Stock' of any Person means Capital Stock of such Person that does not rank prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

'Consolidated Cash Flow Available for Fixed Charges' for any period means the Consolidated Net Income of the Company and its Restricted Subsidiaries for such period increased by the sum of (i) Consolidated Interest Expense of the Company and its Restricted Subsidiaries for such period, plus (ii) Consolidated Income Tax Expense of the Company and its Restricted Subsidiaries for such period, plus (iii) the consolidated depreciation and amortization expense included in the income statement of the Company and its Restricted Subsidiaries for such period, plus (iv) all other non-cash items reducing Consolidated Net Income of the Company and its Restricted Subsidiaries, less all non-cash items increasing Consolidated Net Income of the Company and its Restricted Subsidiaries; provided, however, that there shall be excluded therefrom the Consolidated Cash Flow Available for Fixed Charges (if positive) of any Restricted Subsidiary of the Company (calculated separately for such Restricted Subsidiary in the same manner as provided above for the Company) that is subject to a restriction which prevents the payment of dividends or the making of distributions to the Company or another Restricted Subsidiary of the Company to the extent of such restriction.

'Consolidated Cash Flow Coverage Ratio' as of any date of determination means the ratio of (i) Consolidated Cash Flow Available for Fixed Charges of the Company and its Restricted Subsidiaries for the period of the most recently completed four consecutive fiscal quarters for which quarterly or annual financial statements are available to (ii) Consolidated Fixed Charges of the Company and its Restricted Subsidiaries for such period; provided, however, that Consolidated Fixed Charges shall be adjusted to give effect on a pro forma basis to any Debt (other than short-term Debt Incurred for working capital purposes) that has been Incurred by the Company or any Restricted Subsidiary since the beginning of such period that remains outstanding and to any Debt (other than short-term Debt Incurred for working capital purposes) that is proposed to be Incurred by the Company or any Restricted Subsidiary as if in each case such Debt had been Incurred on the first day of such period and as if any Debt (other than short-term Debt Incurred for working capital purposes) that (i) is or will no longer be outstanding as the result of the Incurrence of any such Debt or (ii) had been repaid or retired during such period had not been outstanding as of the first day of such period; provided further that in making such computation, the Consolidated Interest Expense of the Company and its Restricted Subsidiaries attributable to interest on any proposed Debt bearing a floating interest rate shall be computed on a pro forma basis as if the rate in effect on the date of computation had been the applicable rate for the entire period; and provided further that, in the event the Company or any of its Restricted Subsidiaries has made Asset Dispositions or acquisitions of assets not in the ordinary course of business (including acquisitions of other Persons by merger, consolidation or purchase of Capital Stock) during or after such period, such computation shall be made on a pro forma basis as if the Asset Dispositions or acquisitions had taken place on the first day of such period.

'Consolidated Fixed Charges' for any period means the sum of (i) Consolidated Interest Expense and (ii) the consolidated amount of interest capitalized by the Company and its Restricted Subsidiaries during such period calculated in accordance with generally accepted accounting principles.

'Consolidated Income Tax Expense' for any period means the consolidated provision for income taxes of the Company and its Restricted Subsidiaries for such period calculated on a consolidated basis in accordance with generally accepted accounting principles.

'Consolidated Interest Expense' means for any period the consolidated interest expense included in a consolidated income statement (without deduction of interest income) of the Company and its Restricted Subsidiaries for such period calculated on a consolidated basis in accordance with generally accepted accounting principles, including without limitation or duplication (or, to the extent not so included, with the addition of), (i) the amortization of Debt discounts; (ii) any payments or fees with respect to letters of credit, bankers' acceptances or similar facilities; (iii) fees with respect to Interest Rate, Currency or Commodity Price Agreements; (iv) Preferred Stock dividends of Restricted Subsidiaries of the Company (other than with respect to Redeemable Stock) declared and paid or payable to persons other than the Company or any Restricted Subsidiary; (v) accrued Redeemable Stock dividends of the Company and its Restricted Subsidiaries payable to persons other than the Company or any Restricted Subsidiary, whether or not declared or paid; (vi) interest on Debt

guaranteed by the Company and its Restricted Subsidiaries; and (vii) the portion of any rental obligation with respect to capitalized leases allocable to interest expense.

'Consolidated Net Income' for any period means the consolidated net income (or loss) of the Company and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with generally accepted accounting principles; provided that there shall be excluded therefrom (a) the net income (or loss) of any Person acquired by of the Company or a Restricted Subsidiary of the Company in a pooling-of-interests transaction for any period prior to the date of such transaction, (b) the net income (or loss) of any Person that is not a Subsidiary of the Company except to the extent of the amount of dividends or other distributions actually paid to the Company or a Subsidiary of the Company by such Person during such period, (c) gains or losses on Asset Dispositions by the Company or its Restricted Subsidiaries, (d) all extraordinary gains and extraordinary losses, (e) the cumulative effect of changes in accounting principles and (f) the tax effect, if any, of any of the items described in clauses (a) through (e) above; provided, further, that for purposes of any determination pursuant to the provisions described under 'Limitation on Restricted Payments', there shall further be excluded therefrom the net income (but not net loss) of any Restricted Subsidiary of the Company that is subject to a restriction which prevents the payment of dividends or the making of distributions to the Company or another Restricted Subsidiary of the Company to the extent of such restriction.

'Consolidated Net Worth' of any Person means the consolidated stockholders' equity of such Person, determined on a consolidated basis in accordance with generally accepted accounting principles, less amounts attributable to Redeemable Stock of such Person; provided that, with respect to the Company, adjustments following the date of the Indenture to the accounting books and records of the Company in accordance with Accounting Principles Board Opinions Nos. 16 and 17 (or successor opinions thereto) or otherwise resulting from the acquisition of control of the Company by another Person shall not be given effect to.

'Consolidated Tangible Assets' of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption 'Total Assets' (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, less all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises, and research and development costs.

'Debt' means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (i) every obligation of such Person for money borrowed, (ii) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations Incurred in connection with the acquisition of property, assets or businesses, (iii) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person, (iv) every obligation of such Person issued or assumed as the deferred purchase price of property or services (including securities repurchase agreements but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith), (v) every Capital Lease Obligation of such Person, (vi) all Receivables Sales of such Person, together with any obligation of such Person to pay any discount, interest, fees, indemnities, penalties, recourse, expenses or other amounts in connection therewith, (vii) all Redeemable Stock issued by such Person, (viii) Preferred Stock of Restricted Subsidiaries of such Person held by Persons other than such Person or one of its Wholly-Owned Restricted Subsidiaries, (ix) every obligation under Interest Rate, Currency or Commodity Price Agreements of such Person and (x) every obligation of the type referred to in clauses (i) through (ix) of another Person and all dividends of another Person the payment of which, in either case, such Person has Guaranteed or is responsible or liable for, directly or indirectly, as obligor, Guarantor or otherwise. The 'amount' or 'principal amount' of Debt at any time of determination as used herein represented by (a) any Receivables Sale, shall be the amount of the unrecovered capital or principal investment of the purchaser (other than the Company or a Wholly-Owned Restricted Subsidiary of the Company) thereof, excluding amounts representative of yield or interest earned on such investment and (b) any Redeemable Stock, shall be the maximum fixed redemption or repurchase price in respect thereof.

'Designated Senior Debt' shall mean (i) so long as the Credit Facility is in effect, the obligations of the Company under the Credit Facility and (ii) at any time thereafter, the 2023 Debentures and any other Senior Debt of the Company permitted under the Indenture, the principal amount of which at original issuance is $25.0 million or more and that has been designated by the Company as Designated Senior Debt.

'Guarantee' by any Person means any obligation, contingent or otherwise, of such Person guaranteeing, or having the economic effect of guaranteeing, any Debt of any other Person (the 'primary obligor') in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the holder of such Debt of the payment of such Debt, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt (and 'Guaranteed', 'Guaranteeing' and 'Guarantor' shall have meanings correlative to the foregoing); provided, however, that the Guaranty by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business.

'Incur' means, with respect to any Debt or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Debt or other obligation or the recording, as required pursuant to generally accepted accounting principles or otherwise, of any such Debt or other obligation on the balance sheet of such Person (and 'Incurrence', 'Incurred', 'Incurrable' and 'Incurring' shall have meanings correlative to the foregoing); provided, however, that a change in generally accepted accounting principles that results in an obligation of such Person that exists at such time becoming Debt shall not be deemed an Incurrence of such Debt.

'Interest Rate, Currency or Commodity Price Agreement' of any Person means any forward contract, futures contract, swap, option or other financial agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements) relating to, or the value of which is dependent upon, interest rates, currency exchange rates or commodity prices or indices (excluding contracts for the purchase or sale of goods in the ordinary course of business).

'Investment' by any Person means any direct or indirect loan, advance or other extension of credit or capital contribution (by means of transfers of cash or other property to others or payments for property or services for the account or use of others, or otherwise) to, or purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities or evidence of Debt issued by, any other Person, including any payment on a Guarantee of any obligation of such other Person.

'Lien' means, with respect to any property or assets, any mortgage or deed of trust, pledge, hypothecation, assignment, Receivables Sale, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

'Moody's' means Moody's Investors Services, Inc.

'Net Available Proceeds' from any Asset Disposition by any Person means cash or readily marketable cash equivalents received (including by way of sale or discounting of a note, instalment receivable or other receivable, but excluding any other consideration received in the form of assumption by the acquiree of Debt or other obligations relating to such properties or assets) therefrom by such Person, net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses Incurred and all federal, state, provincial, foreign and local taxes required to be accrued as a liability as a consequence of such Asset Disposition, (ii) all payments made by such Person or its Restricted Subsidiaries on any Debt which is secured by such assets in accordance with the terms of any Lien upon or with respect to such assets or which must by the terms of such Lien, or in order to obtain a necessary consent to such Asset Disposition or by applicable law, be repaid out of the proceeds from

such Asset Disposition, (iii) all distributions and other payments made to minority interest holders in Restricted Subsidiaries of such Person or joint ventures as a result of such Asset Disposition and (iv) appropriate amounts to be provided by such Person or any Restricted Subsidiary thereof, as the case may be, as a reserve in accordance with generally accepted accounting principles against any liabilities associated with such assets and retained by such Person or any Restricted Subsidiary thereof, as the case may be, after such Asset Disposition, including, without limitation, liabilities under any indemnification obligations and severance and other employee termination costs associated with such Asset Disposition, in each case as determined by the Board of Directors, in its reasonable good faith judgment evidenced by a resolution of the Board of Directors filed with the Trustee; provided, however, that any reduction in such reserve following the consummation of such Asset Disposition will be treated for all purposes of the Indenture and the Exchange Notes as a new Asset Disposition at the time of such reduction with Net Available Proceeds equal to the amount of such reduction.

'Credit Facility' means the senior secured revolving credit facility in the aggregate principal amount of $325.0 million between the Company, The Chase Manhattan Bank, as administrative and collateral agent, Citibank USA, Inc., as documentation agent, and certain other lenders, as it may be amended or restated from time to time, and any renewal, extension, refinancing, refunding or replacement thereof, in whole or in part.

'Offer to Purchase' means a written offer (the 'Offer') sent by the Company by first class mail, postage prepaid, to each holder at his address appearing in the Note Register on the date of the Offer offering to purchase up to the principal amount of Exchange Notes specified in such Offer at the purchase price specified in such Offer (as determined pursuant to the Indenture). Unless otherwise required by applicable law, the Offer shall specify an expiration date (the 'Expiration Date') of the Offer to Purchase which shall be, subject to any contrary requirements of applicable law, not less than 30 days or more than 60 days after the date of such Offer and a settlement date (the 'Purchase Date') for purchase of Notes within five Business Days after the Expiration Date. The Company shall notify the Trustee at least 15 Business Days (or such shorter period as is acceptable to the Trustee) prior to the mailing of the Offer of the Company's obligation to make an Offer to Purchase, and the Offer shall be mailed by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. The Offer shall contain information concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such holders to make an informed decision with respect to the Offer to Purchase (which at a minimum will include (i) the most recent annual and quarterly financial statements and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' contained in the documents required to be filed with the Trustee pursuant to the Indenture (which requirements may be satisfied by delivery of such documents together with the Offer), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such financial statements referred to in clause (i) (including a description of the events requiring the Company to make the Offer to Purchase), (iii) if applicable, appropriate pro forma financial information concerning the Offer to Purchase and the events requiring the Company to make the Offer to Purchase and (iv) any other information required by applicable law to be included therein. The Offer shall contain all instructions and materials necessary to enable such holders to tender Exchange Notes pursuant to the Offer to Purchase. The Offer shall also state:

(1) the Section of the Indenture pursuant to which the Offer to Purchase is being made;

(2) the Expiration Date and the Purchase Date;

(3) the aggregate principal amount of the Outstanding Exchange Notes offered to be purchased by the Company pursuant to the Offer to Purchase (including, if less than 100%, the manner by which such amount has been determined pursuant to the Indenture provision requiring the Offer to Purchase) (the 'Purchase Amount');

(4) the purchase price to be paid by the Company for each $1,000 aggregate principal amount of Exchange Notes accepted for payment (as specified pursuant to the Indenture) (the 'Purchase Price');

(5) that the holder may tender all or any portion of the Exchange Notes registered in the name of such holder and that any portion of an Exchange Note tendered must be tendered in an integral multiple of $1,000 principal amount;

(6) the place or places where Exchange Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(7) that interest on any Exchange Note not tendered or tendered but not purchased by the Company pursuant to the Offer to Purchase will continue to accrue;

(8) that on the Purchase Date the Purchase Price will become due and payable upon each Exchange Note being accepted for payment pursuant to the Offer to Purchase and that interest thereon shall cease to accrue on and after the Purchase Date;

(9) that each holder electing to tender an Exchange Note pursuant to the Offer to Purchase will be required to surrender such Exchange Note at the place or places specified in the Offer prior to the close of business on the Expiration Date (such Exchange Note being, if the Company or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the holder thereof or his attorney duly authorized in writing);

(10) that holders will be entitled to withdraw all or any portion of Exchange Notes tendered if the Company (or their Paying Agent) receives, not later than the close of business on the Expiration Date, a telegram, telex, facsimile transmission or letter setting forth the name of the holder, the principal amount of the Exchange Note the holder tendered, the certificate number of the Exchange Note the holder tendered and a statement that such holder is withdrawing all or a portion of his tender;

(11) that (a) if Exchange Notes in an aggregate principal amount less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase all such Exchange Notes and (b) if Exchange Notes in an aggregate principal amount in excess of the Purchase Amount are tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase Exchange Notes having an aggregate principal amount equal to the Purchase Amount on a pro rata basis (with such adjustments as may be deemed appropriate so that only Exchange Notes in denominations of $1,000 or integral multiples thereof shall be purchased); and

(12) that in the case of any holder whose Exchange Note is purchased only in part, the Company shall execute, and the Trustee shall authenticate and deliver to the holder of such Exchange Note without service charge, a new Exchange Note or Exchange Notes, of any authorized denomination as requested by such holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Exchange Note so tendered.

Any Offer to Purchase shall be governed by and effected in accordance with the Offer for such Offer to Purchase.

'Permitted Interest Rate, Currency or Commodity Price Agreement' of any Person means any Interest Rate, Currency or Commodity Price Agreement entered into with one or more financial institutions in the ordinary course of business that is designed to protect such Person against fluctuations in interest rates or currency exchange rates with respect to Debt Incurred and which shall have a notional amount no greater than the payments due with respect to the Debt being hedged thereby, or in the case of currency or commodity protection agreements, against currency exchange rate or commodity price fluctuations in the ordinary course of business relating to then existing financial obligations or then existing or forecast production or for the purchase of product for resale and not for purposes of speculation.

'Permitted Investments' means (i) an Investment in the Company or a Wholly-Owned Restricted Subsidiary of the Company; (ii) an Investment in Pyramid Sportswear; provided, however, that as a result thereof the Company owns not less than a majority interest in Pyramid Sportswear; (iii) an Investment in a Person, if such Person or a Subsidiary of such Person will, as a result of the making of such Investment and all other contemporaneous related transactions, become a Wholly-Owned

Restricted Subsidiary of the Company or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Wholly-Owned Restricted Subsidiary of the Company; (iv) a Temporary Cash Investment; (v) stock, obligations or securities received in settlement of debts owing to the Company or a Restricted Subsidiary of the Company as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection, enforcement or agreement in lieu of foreclosure of any Lien in favor of the Company or a Restricted Subsidiary of the Company; (vi) Investments in the Exchange Notes; (vii) Investments in Permitted Interest Rate, Currency or Commodity Price Agreements; (viii) advances to employees of the Company made in the ordinary course of business and (ix) entry into and Investments in joint ventures, partnerships and other Persons engaged or proposing to engage in businesses related to those conducted by the Company or any Restricted Subsidiary of the Company, in an amount not to exceed $15 million.

'Preferred Stock' of any Person means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

'Public Equity Offering' means an underwritten primary public offering of Common Stock of the Company pursuant to an effective registration statement under the Securities Act.

'Receivables' means receivables, chattel paper, instruments, documents or intangibles evidencing or relating to the right to payment of money.

'Receivables Sale' of any Person means any sale of Receivables of such Person (pursuant to a purchase facility or otherwise), other than in connection with a disposition of the business operations of such Person relating thereto or a disposition of defaulted Receivables for purpose of collection and not as a financing arrangement.

'Redeemable Stock' of any Person means any Capital Stock of such Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise (including upon the occurrence of an event) matures or is required to be redeemed (pursuant to any sinking fund obligation or otherwise) or is convertible into or exchangeable for Debt or is redeemable at the option of the holder thereof, in whole or in part, at any time prior to the final Stated Maturity of the Exchange Notes; provided that 'Redeemable Stock' shall not include any Capital Stock that is payable at maturity, or upon required redemption or redemption at the option of the holder thereof, or that is automatically convertible or exchangeable, solely in or into Common Stock of such Person.

'Related Person' of any Person means any other Person directly or indirectly owning (a) 5% or more of the Outstanding Common Stock of such Person (or, in the case of a Person that is not a corporation, 5% or more of the equity interest in such Person) or (b) 5% or more of the combined voting power of the Voting Stock of such Person.

'Restricted Subsidiary' means any Subsidiary, whether existing on or after the date of the Indenture, unless such Subsidiary is an Unrestricted Subsidiary.

'S&P' means Standard & Poor's Ratings Group, a division of MacGraw-Hill, Inc.

'Subordinated Debt' means Debt of the Company as to which the payment of principal of (and premium, if any) and interest and other payment obligations in respect of such Debt shall be subordinate to the prior payment in full of the Exchange Notes to at least the following extent: (i) no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Debt may be permitted for so long as any default in the payment of principal (or premium, if any) or interest on the Exchange Notes exists; (ii) in the event that any other default that with the passing of time or the giving of notice, or both, would constitute an event of default exists with respect to the Exchange Notes, upon notice by 25% or more in principal amount of the Exchange Notes to the Trustee, the Trustee shall have the right to give notice to the Company and the holders of such Debt (or trustees or agents therefor) of a payment blockage, and thereafter no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Debt may be made for a period of 179 days from the date of such notice; and (iii) such Debt may not (x) provide for payments of principal of such Debt at the stated maturity thereof or by way of a sinking fund applicable thereto or by way of any mandatory redemption,

defeasance, retirement or repurchase thereof by the Company (including any redemption, retirement or repurchase which is contingent upon events or circumstances, but excluding any retirement required by virtue of acceleration of such Debt upon an event of default thereunder), in each case prior to the final Stated Maturity of the Exchange Notes or (y) permit redemption or other retirement (including pursuant to an offer to purchase made by the Company) of such other Debt at the option of the holder thereof prior to the final Stated Maturity of the Exchange Notes, other than a redemption or other retirement at the option of the holder of such Debt (including pursuant to an offer to purchase made by the Company) which is conditioned upon a change of control of the Company pursuant to provisions substantially similar to those described under 'Change of Control' (and which shall provide that such Debt will not be repurchased pursuant to such provisions prior to the Company's repurchase of the Exchange Notes required to be repurchased by the Company pursuant to the provisions described under 'Change of Control').

'Subsidiary' of any Person means (i) a corporation more than 50% of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

'Temporary Cash Investments' means any Investment in the following kinds of instruments: (A) readily marketable obligations issued or unconditionally guaranteed as to principal and interest by the United States of America or by any agency or authority controlled or supervised by and acting as an instrumentality of the United States of America if, on the date of purchase or other acquisition of any such instrument by the Company or any Restricted Subsidiary of the Company, the remaining term to maturity or interest rate adjustment is not more than two years; (B) obligations (including, but not limited to, demand or time deposits, bankers' acceptances and certificates of deposit) issued or guaranteed by a depository institution or trust company incorporated under the laws of the United States of America, any state thereof or the District of Columbia, provided that (1) such instrument has a final maturity nor more than one year from the date of purchase thereof by the Company or any Restricted Subsidiary of the Company and (2) such depository institution or trust company has at the time of the Company's or such Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, (x) capital, surplus and undivided profits (as of the date such institution's most recently published financial statements) in excess of $100 million and (y) the long-term unsecured debt obligations (other than such obligations rated on the basis of the credit of a Person other than such institution) of such institution, at the time of the Company's or such Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, are rated in the highest rating category of both S&P and Moody's; (C) commercial paper issued by any corporation, if such commercial paper has, at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment credit ratings of at least A-1 by S&P and P-1 by Moody's; (D) money market mutual or similar funds having assets in excess of $100 million; (E) readily marketable debt obligations issued by any corporation, if at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment (1) the remaining term to maturity is not more than two years and (2) such debt obligations are rated in one of the two highest rating categories of both S&P and Moody's; (F) demand or time deposit accounts used in the ordinary course of business with commercial banks the balances in which are at all times fully insured as to principal and interest by the Federal Deposit Insurance Corporation or any successor thereto; and (G) to the extent not otherwise included herein, Cash Equivalents. In the event that either S&P or Moody's ceases to publish ratings of the type provided herein, a replacement rating agency shall be selected by the Company with the consent of the Trustee, and in each case the rating of such replacement rating agency most nearly equivalent to the corresponding S&P or Moody's rating, as the case may be, shall be used for purposes hereof.

'Voting Stock' of any Person means Capital Stock of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at

all times or only so long as no senior class of securities has such voting power by reason of any contingency.

'Wholly Owned Restricted Subsidiary' of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person or by such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

EVENTS OF DEFAULT

The following will be Events of Default under the Indenture: (a) failure to pay principal of (or premium, if any, on) any Exchange Note when due; (b) failure to pay any interest on any Exchange Note when due, continued for 30 days; (c) default in the payment of principal and interest on Exchange Notes required to be purchased pursuant to an Offer to Purchase as described under 'Change of Control' and 'Limitation on Certain Asset Dispositions' when due and payable; (d) failure to perform or comply with the provisions described under 'Merger, Consolidation and Certain Sales of Assets'; (e) failure to perform any other covenant or agreement of the Company under the Indenture or the Exchange Notes continued for 60 days after written notice to the Company by the Trustee or holders of at least 25% in aggregate principal amount of Outstanding Exchange Notes; (f) default under the terms of any instrument evidencing or securing Debt for money borrowed by the Company or any Restricted Subsidiary having an outstanding principal amount of $5 million individually or in the aggregate which default results in the acceleration of the payment of such indebtedness or constitutes the failure to pay such indebtedness when due; (g) the rendering of a final judgment or judgments (not subject to appeal) against the Company or any Restricted Subsidiary in an amount in excess of $5 million which remains undischarged or unstayed for a period of 60 days after the date on which the right to appeal has expired; and (h) certain events of bankruptcy, insolvency or reorganization affecting the Company or any Restricted Subsidiary. (Section 501) Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default (as defined) shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders, unless such holders shall have offered to the Trustee reasonable indemnity. (Section 603) Subject to such provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Outstanding Exchange Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. (Section 512)

If an Event of Default (other than an Event of Default described in Clause (h) above) shall occur and be continuing, either the Trustee or the holders of at least 25% in aggregate principal amount of the Outstanding Exchange Notes may accelerate the maturity of all Exchange Notes; provided, however, that after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of Outstanding Exchange Notes may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the non-payment of accelerated principal, have been cured or waived as provided in the Indenture. If an Event of Default specified in Clause (h) above occurs, the Outstanding Exchange Notes will ipso facto become immediately due and payable without any declaration or other act on the part of the Trustee or any holder. (Section 502) For information as to waiver of defaults, see 'Modification and Waiver'.

No holder of any Exchange Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such holder shall have previously given to the Trustee written notice of a continuing Event of Default (as defined) and unless also the holders of at least 25% in aggregate principal amount of the Outstanding Exchange Notes shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, and the Trustee shall not have received from the holders of a majority in aggregate principal amount of the Outstanding Exchange Notes a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. (Section 507) However, such limitations do not apply to a suit instituted by a holder of an Exchange Note for enforcement of payment of the principal of or premium, if any, or interest on such Exchange Note on or after the respective due dates expressed in such Exchange Note. (Section 508)

The Company will be required to furnish to the Trustee quarterly a statement as to the performance by the Company of certain of its obligations under the Indenture and as to any default in such performance. (Section 1019)

SATISFACTION AND DISCHARGE OF THE INDENTURE

The Indenture will cease to be of further effect as to all outstanding Exchange Notes (except as to (i) rights of registration of transfer and exchange and the Company's right of optional redemption, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Exchange Notes, (iii) rights of holders to receive payment of principal and interest on the Exchange Notes, (iv) rights, obligations and immunities of the Trustee under the Indenture and (v) rights of the holders of the Exchange Notes as beneficiaries of the Indenture with respect to any property deposited with the Trustee payable to all or any of them), if (x) the Company will have paid or caused to be paid the principal of and interest on the Notes as and when the same will have become due and payable or (y) all Outstanding Exchange Notes (except lost, stolen or destroyed Exchange Notes which have been replaced or paid) have been delivered to the Trustee for cancellation.

DEFEASANCE

The Indenture will provide that, at the option of the Company, (A) if applicable, the Company will be discharged from any and all obligations in respect of the Outstanding Exchange Notes or (B) if applicable, the Company may omit to comply with certain restrictive covenants, and that such omission shall not be deemed to be an Event of Default under the Indenture and the Exchange Notes, in either case (A) or (B) upon irrevocable deposit with the Trustee, in trust, of money and/or U.S. government obligations which will provide money in an amount sufficient in the opinion of a nationally recognized firm of independent certified public accountants to pay the principal of and premium, if any, and each installment of interest, if any, on the Outstanding Exchange Notes. With respect to clause (B), the obligations under the Indenture other than with respect to such covenants and the Events of Default other than the Events of Default relating to such covenants above shall remain in full force and effect. Such trust may only be established if, among other things (i) with respect to clause (A), the Company has received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in law, which in the Opinion of Counsel provides that holders of the Exchange Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred; or, with respect to clause (B), the Company has delivered to the Trustee an Opinion of Counsel to the effect that the holders of the Exchange Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit and defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred; (ii) no Event of Default or event that with the passing of time or the giving of notice, or both, shall constitute an Event of Default shall have occurred or be continuing; (iii) the Company has delivered to the Trustee an Opinion of Counsel to the effect that such deposit shall not cause the Trustee or the trust so created to be subject to the Investment Company Act of 1940; and (iv) certain other customary conditions precedent are satisfied. (Article Thirteen)

MODIFICATION AND WAIVER

Modifications and amendments of the Indenture may be made by the Company and the Trustee with the consent of the holders of a majority in aggregate principal amount of the Outstanding Exchange Notes; provided, however, that no such modification or amendment may, without the consent of the Holder of each Outstanding Exchange Note affected thereby, (a) change the Stated Maturity of the principal of, or any installment of interest on, any Exchange Note, (b) reduce the principal amount of (or the premium) or interest on any Exchange Note, (c) change the place or currency of payment of principal of (or premium) or interest on any Exchange Note, (d) impair the right to institute suit for the enforcement of any payment on or with respect to any Exchange Note, (e) reduce the above-stated percentage of Outstanding Exchange Notes necessary to modify or amend the Indenture, (f) reduce the percentage of aggregate principal amount of Outstanding Exchange Notes necessary for waiver of

compliance with certain provisions of the Indenture or for waiver of certain defaults, (g) modify any provisions of the Indenture relating to the modification and amendment of the Indenture or the waiver of past defaults or covenants, except as otherwise specified, or (h) following the mailing of any Offer to Purchase, modify any Offer to Purchase for the Exchange Notes required under the 'Limitation on Asset Dispositions' and the 'Change of Control' covenants contained in the Indenture in a manner materially adverse to the holders thereof. (Section 902)

The holders of a majority in aggregate principal amount of the Outstanding Exchange Notes, on behalf of all holders of Exchange Notes, may waive compliance by the Company with certain restrictive provisions of the Indenture. (Section 1020) Subject to certain rights of the Trustee, as provided in the Indenture, the holders of a majority in aggregate principal amount of the Outstanding Exchange Notes, on behalf of all holders of Exchange Notes, may waive any past default under the Indenture, except a default in the payment of principal, premium or interest or a default arising from failure to purchase any Exchange Note tendered pursuant to an Offer to Purchase. (Section 513)

GOVERNING LAW

The Indenture and the Exchange Notes will be governed by the laws of the State of New York.

THE TRUSTEE

The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. (Sections 601-603)

The Indenture and provisions of the Trust Indenture Act incorporated by reference therein contain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claim as security or otherwise. The Trustee is permitted to engage in other transactions with the Company or any Affiliate, provided, however, that if it acquires any conflicting interest (as defined in the Indenture or in the Trust Indenture Act), it must eliminate such conflict or resign. (Section 608)

DESCRIPTION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE EXCHANGE NOTES

The following is a summary of certain United States federal income tax consequences associated with the acquisition, ownership, and disposition of the Exchange Notes. The following summary does not discuss all of the aspects of federal income taxation that may be relevant to investors in light of his or her particular circumstances, or to certain types of holders which are subject to special treatment under the federal income tax laws (including dealers in securities, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, S corporations, persons who hold the Exchange Notes as part of a hedge, straddle, 'synthetic security' or other integrated investment, and, except as discussed below, foreign corporations and persons who are not citizens or residents of the United States). Such holders generally are taxed in a similar manner to U.S. Holders (as defined below); however, certain special rules apply. In addition, this discussion is limited to holders who hold the Exchange Notes as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code of 1986 (the 'Code'). This summary also does not describe any tax consequences under state, local, or foreign tax laws.

The discussion is based upon the Code, Treasury Regulations, Internal Revenue Service ('IRS') rulings and pronouncements and judicial decisions all in effect as of the date hereof, all of which are subject to change at any time by legislative, judicial or administrative action. Any such changes may be applied retroactively in a manner that could adversely affect a holder of the Exchange Notes. The Company has not sought and will not seek any rulings or opinions from the IRS or counsel with respect to the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Exchange Notes which are different from those discussed herein.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES THAT MAY APPLY TO THEM, AS WELL AS THE APPLICATION OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

TAX CONSEQUENCES OF THE EXCHANGE OFFER

The exchange of Initial Notes for Exchange Notes pursuant to the Exchange Offer will not be considered a taxable exchange for United States federal income tax purposes because the Exchange Notes will not differ materially in kind or extent from the Initial Notes and because the exchange will occur by operation of the terms of the Notes. Accordingly, such exchange will have no United States federal income tax consequences to holders of Initial Notes. A holder's adjusted tax basis and holding period in an Exchange Note will be the same as such holder's adjusted tax basis and holding period, respectively, in the Initial Note exchanged therefor. All references to Notes under this heading 'Description of Certain Federal Income Tax Consequences of an Investment in the Notes', apply equally to Exchange Notes.

Holders considering the exchange of Initial Notes for Exchange Notes should consult their own tax advisors concerning the United States federal income tax consequences in light of their particular situations as well as any consequences arising under state, local or foreign income tax or other tax law.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

A U.S. Holder is any holder who or which is (i) a citizen or resident of the United States; (ii) a corporation or partnership created or organized in or under the laws of the United States or of any political subsidiaries thereof; (iii) an estate other than a 'foreign estate' as defined in Section 7701 (a)(31) of the Code; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust.

TAXATION OF STATED INTEREST. In general, U.S. Holders of the Exchange Notes will be required to include interest received thereon in taxable income as ordinary income at the time it accrues or is received, in accordance with the holder's regular method of accounting for federal income tax purposes.

REGISTRATION DEFAULT. Because the Exchange Notes provide for an increase in the interest rate during the time that a Registration Default is in effect, the Exchange Notes are subject to Treasury regulations applicable to debt instruments that provide for one or more contingent payments. Under such Treasury regulations, if the possibility of an increased interest payments is, as of the Issue Date, either a 'remote' or 'incidental' contingency, the payment of such additional interest would not be considered a contingent interest payment and the U.S. federal income tax treatment of such additional interest generally would be the same as that described under 'Taxation of Stated Interest' above. The Company intends to take the position that, solely for these purposes, the payment of additional interest upon a Registration Default is a remote or incidental contingency; such determination is binding on a U.S. Holder unless such holder discloses to the Internal Revenue Service (the 'IRS') that it is taking a contrary position.

If the Company becomes obligated to pay interest at an increased rate upon a Registration Default, a U.S. Holder generally would be required to include the initial payment of interest at such rate in income as ordinary income when received or accrued, in accordance with such holder's method of accounting for U.S. federal income tax purposes. In addition, the Exchange Notes would be treated as having been reissued at such time for their 'adjusted issue price' (i.e., generally, the stated principal amount of the Exchange Notes). If, at the time of such deemed reissuance, the possibility that the Company would be required to make additional payments of interest at such increased interest rate were not a remote or incidental contingency, a U.S. Holder could be required to accrue the projected payments of interest at such increased rate into income on a constant yield basis, which could result in a holder recognizing income prior to the receipt of the related cash payment. Prospective investors should consult their tax advisors regarding the U.S. federal income tax consequences should the interest rate be increased as a result of a Registration Default.

EFFECT OF OPTIONAL REDEMPTION AND REPURCHASE. Under certain circumstances the Company may be entitled to redeem a portion of the Exchange Notes. In addition, under certain circumstances, the Company will be required to offer to repurchase all or any part of a holder's Exchange Notes. Treasury Regulations contain special rules for determining the yield to maturity and maturity on a debt instrument in the event the debt instrument provides for a contingency that could result in the acceleration or deferral of one or more payments. The Company does not believe that these rules should apply to either the Company's right to redeem Exchange Notes or to the holders' rights to require the Company to repurchase Exchange Notes. Therefore, the Company has no present intention of treating such redemption and repurchase provisions of the Exchange Notes as affecting the computation of the yield to maturity or maturity date of the Exchange Notes.

SALE OR OTHER TAXABLE DISPOSITION OF THE NOTES. The sale, exchange, redemption, retirement or other taxable disposition of an Exchange Note will result in the recognition of gain or loss to a U.S. Holder in an amount equal to the difference between (a) the amount of cash and fair market value of property received in exchange therefor (except to the extent attributable to the payment of accrued but unpaid stated interest) and (b) the holder's adjusted tax basis in such an Exchange Note. A holder's initial tax basis in an Exchange Note purchased by such holder will be equal to the price paid for the Exchange Note. Any gain or loss on the sale or other taxable disposition of an Exchange Note generally will be capital gain or loss, and generally will be long-term capital gain or loss if the holding period for the Exchange Note exceeds one year at the time of the disposition. Non-corporate taxpayers may be taxed at reduced rates of federal income tax in respect of long-term capital gains realized on a disposition of Exchange Notes in certain instances (e.g., generally, long-term capital gain recognized by an individual U.S. Holder would be subject to a maximum tax rate of 20% in respect of Exchange Notes held for more than eighteen months, or to a maximum rate of 28% in respect of Exchange Notes held in excess of one year but for eighteen months or less). Prospective investors should consult their tax advisors regarding the tax consequences of realizing long-term capital gains. Payments on such disposition for accrued interest not previously included in income will be treated as ordinary interest income.

The exchange of (i) beneficial interests in a Global Exchange Note for a Certificated Exchange Note or (ii) the exchange of an Initial Note for an Exchange Note, will not constitute a 'significant modification' of the Note for U.S. federal income tax purposes and, accordingly, the beneficial interests, Certificated Exchange Note or Exchange Note received in exchange for the original beneficial interest or Note, as the case may be, would be treated as a continuation of the original Note in the hands of such U.S. Holder. As a result, there would be no U.S. federal income tax consequences to a U.S. Holder upon such exchanges.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS

For purposes hereof, a 'Non-U.S. Holder' is any person that is not a U.S. Holder. This summary does not address the tax consequences to stockholders, partners or beneficiaries in a Non-U.S. Holder.

PAYMENTS OF INTERESTS. Interest that is paid to a Non-U.S. Holder on an Exchange Note will not be subject to U.S. withholding tax provided that (a) (i) the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote; (ii) the Non-U.S. Holder is not a controlled foreign corporation that is related to the Company actually or constructively through stock ownership for United States federal income tax purposes; (iii) the Non-U.S. Holder is not a bank receiving interest on a loan entered into in the ordinary course of business; and (iv) either (x) the beneficial owner of the Exchange Note provides the Company or its paying agent with a properly executed certification on IRS Form W-8 (or a suitable substitute form) signed under penalties of perjury that the beneficial owner is not a 'U.S. person' for United States federal income tax purposes and that provides the beneficial owner's name and address, or (y) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its business holds the Exchange Note and certifies to the Company or its agent under penalties of perjury that the IRS Form W-8 (or a suitable substitute) has been received by it from the beneficial owner of the Exchange Note or a qualifying intermediary and furnishes the payor a copy thereof; (b) the interest received on the Exchange Note is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the United States, and the Non-U.S. Holder complies with certain reporting requirements; or (c) a U.S. income tax treaty applies to reduce the rate of withholding to zero and the Non-U.S. Holder provides a properly executed Form 1001.

Recently issued Treasury regulations (the 'Withholding Regulations') that will be effective with respect to payments made after December 31, 1999, will provide alternative methods for satisfying the certification requirements described in clause (a)(iv) above. The Withholding Regulations will also require, in the case of Exchange Notes held by a foreign partnership, that (x) the certification described in clause (a)(iv) above be provided by the partners and (y) the partnership provide certain information, including its taxpayer identification number. A look-through rule will apply in the case of tiered partnerships.

Payments of interest to a Non-U.S. Holder that do not qualify for the non-imposition of U.S. withholding tax discussed above, will be subject to U.S. federal withholding tax at a rate of 30% (or such reduced rate of withholding as provided for in an applicable treaty if such Non-U.S. Holder provides a properly executed Form 1001).

SALE, EXCHANGE OR RETIREMENT OF EXCHANGE NOTES. Any gain realized by a Non-U.S. Holder on the sale, exchange or retirement of the Exchange Notes, will generally not be subject to United States federal income tax or withholding unless (i) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more in the taxable year of the disposition and meets certain other requirements; (ii) the Non-U.S. Holder is subject to tax pursuant to certain provisions of the Code applicable to certain individuals who renounce their United States citizenship or terminate long-term United States residency or (iii) the gain is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder. If a Non-U.S. Holder falls under clause (i) above, the holder generally will be subject to United States federal income tax at a rate of 30% on the gain derived from the sale (or reduced treaty rate) and may be subject to withholding in certain circumstances. If a Non-U.S. Holder falls under clause (ii) above, the holder will be taxed on the net gain derived from the sale under the graduated United States federal income tax rates that are applicable to United States citizens and resident aliens, and may be subject to withholding under certain circumstances.

EFFECTIVELY CONNECTED INCOME. To the extent that interest or other payments received by a Non-U.S. Holder with respect to the Exchange Notes (or proceeds from the disposition of the Exchange Notes) are treated as being effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (or the Non-U.S. Holder is otherwise subject to U.S. federal income taxation on a net basis with respect to such Non-U.S. Holder's ownership of the Notes), such Non-U.S. Holder will generally be subject to rules similar to that described above under 'U.S. Taxation of U.S. Holders' (subject to any modification provided under an applicable income tax treaty). Such Non-U.S. Holder may also be subject to the U.S. 'branch profits tax' if such Non-U.S. Holder is a corporation.

U.S. FEDERAL ESTATE TAXES. An Exchange Note beneficially owned by an individual who is a Non-U.S. Holder at the time of his or her death generally will not be subject to U.S. federal estate tax as a result of such death if (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote and (ii) interest payments with respect to the Exchange Note would not have been, if received at the time of such individual's death, effectively connected with the conduct of a U.S. trade or business.

U.S. INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

The backup withholding rules require a payor to deduct and withhold a tax if (i) the payee fails to furnish a taxpayer identification number ('TIN') in the prescribed manner, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) the payee has failed to report properly the receipt of 'reportable payments' and the IRS has notified the payor that withholding is required, or (iv) the payee fails to certify under the penalty of perjury that such payee is not subject to backup withholding. If any one of the events discussed above occurs with respect to a holder of Exchange Notes, the Company, its paying agent or other withholding agent will be required to withhold a tax equal to 31% of any 'reportable payment' made in connection with the Exchange Notes of such holder. A 'reportable payment' includes, among other things, amounts paid in respect of interest on an Exchange Note. Certain holders (including, among others, corporations and certain tax-exempt organizations) are not subject to backup withholding.

Back-up withholding generally will not apply to an Exchange Note issued in registered form that is beneficially owned by a Non-U.S. Holder if the certification of Non-U.S. Holder status is provided to the Company or its agent as described above in 'Certain Federal Income Tax Consequences to Non-U.S. Holders -- Interest', provided that the payor does not have actual knowledge that the holder is a U.S. person. The Company may be required to report annually to the IRS and to each Non-U.S. Holder the amount of interest paid to, and the tax withheld, if any, with respect to each Non-U.S. Holder.

If payments of principal and interest are made to the beneficial owner of an Exchange Note by or through the foreign office of a custodian, nominee or other agent of such beneficial owner, or if the proceeds of the sale of Exchange Notes are paid to the beneficial owner of an Exchange Note through a foreign office of a 'broker' (as defined in the pertinent Regulations), the proceeds will not be subject to backup withholding (absent actual knowledge that the payee is a U.S. person). Information reporting (but not backup withholding) will apply, however, to a payment by a foreign office of a custodian, nominee, agent or broker that is (i) a U.S. person, (ii) a controlled foreign corporation for United States federal income tax purposes, or (iii) a foreign person that derives 50% or more of its gross income from the conduct of a United States trade or business for a specified three-year period or, effective after December 31, 1998, by a foreign office of certain other persons; unless the broker has in its records documentary evidence that the holder is a Non-U.S. Holder and certain conditions are met (including that the broker has no actual knowledge that the holder is a U.S. Holder) or the holder otherwise establishes an exemption. Payment through the United States office of a custodian, nominee, agent or broker is subject to both backup withholding at a rate of 31% and information reporting, unless the holder certifies that it is a Non-U.S. Holder under penalties of perjury or otherwise establishes an exemption.

Any amount withheld under the backup withholding rules will be allowed as a credit against, or refund of, such holder's United States federal income tax liability, provided that the required information is provided by the holder to the IRS.

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Initial Notes where such Initial Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that it will make this Prospectus, as amended or supplemented, available to such broker-dealer for use in connection with any such resale.

The Company will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at prevailing market prices at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an 'underwriter' within the meaning of the Securities Act and any profit from any such resale of Exchange Notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an 'underwriter' within the meaning of the Securities Act.

The Company promptly will send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the holders of the Initial Notes) other than dealers' and brokers' discounts, commissions and counsel fees and will indemnify the holders of the Initial Notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

VALIDITY OF THE EXCHANGE NOTES

The validity of the Exchange Notes will be passed upon for the Company by Rosenman & Colin LLP, 575 Madison Avenue, New York, New York 10022. Edward H. Cohen, a member of Rosenman & Colin LLP, is a director of the Company and is the beneficial owner of 14,963 shares of the Company's Common Stock.

EXPERTS

The consolidated financial statements (including the schedule incorporated by reference) of the Company at February 1, 1998 and February 2, 1997, and for each of the three years in the period ended February 1, 1998, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information for the thirteen weeks ended May 3, 1998 appearing in this Prospectus and Registration Statement, Ernst & Young LLP has reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report appearing elsewhere herein states that they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted considering the limited nature of the review procedures applied. The independent auditors are not subject to the liability provisions of Section 11 of the Securities Act for their report on the unaudited interim financial

information because that report is not a 'report' or a 'part' of the Registration Statement prepared or certified by the auditors within the meaning of Sections 7 and 11 of the Securities Act.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports and other information with the Commission. Such reports and other information filed with the Commission may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at Seven World Trade Center, 13th Floor, New York, New York 10007 and at Northwestern Atrium Center, 500 West Madison Street, 14th Floor, Chicago, Illinois 60661-2551. Copies of such material also can be obtained from the principal office of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Materials filed electronically with the Commission via EDGAR may also be accessed through the Commission's home page at http://www.sec.gov.

This Prospectus constitutes a part of a Registration Statement of Form S-4 filed by the Company with the Commission under the Securities Act. As permitted by the rules and regulations of the Commission, this Prospectus does not contain all of the information contained in the Registration Statement and the exhibits and schedules thereto, and reference is hereby made to the Registration Statement and the exhibits and schedules thereto for further information with respect to the Company and the Exchange Notes. Statements contained herein concerning the provisions of any documents filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance, reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

INDEX TO FINANCIAL STATEMENTS

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of February 1, 1998 and February 2, 1997, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended February 1, 1998. These financial statements are the responsibility of the Company'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 consolidated financial position of Phillips-Van Heusen Corporation and subsidiaries at February 1, 1998 and February 2, 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 1, 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

New York, New York
March 10, 1998, except for the
Long-Term Debt note,
which is as of April 22, 1998

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	Feb. 2, 1997	FEB. 1, 1998
ASSETS		
Current assets:		
Cash, including cash equivalents of $1,861 and $1,413	$ 11,590	$ 11,748
Trade receivables, less allowances of $3,401 and $2,911	91,806	88,656
Inventories	237,422	249,534
Other, including deferred taxes of $4,300 and $19,031	22,140	35,080
Total Current Assets	362,958	385,018
Property, Plant and Equipment	137,060	94,582
Goodwill	120,324	116,467
Other Assets, including deferred taxes of $16,617 and $44,094	37,094	64,392
	$ 657,436	$ 660,459
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 20,000	$ 7,900
Accounts payable	36,355	36,233
Accrued expenses	55,754	89,202
Current portion of long-term debt	10,157	
Total Current Liabilities	122,266	133,335
Long-Term Debt, less current portion	189,398	241,004
Other Liabilities	55,614	65,815
Stockholders' Equity:		
Preferred stock, par value $100 per share; 150,000 shares authorized; no shares outstanding		
Common stock, par value $1 per share; 100,000,000 shares authorized; shares issued 27,045,705 and 27,179,244	27,046	27,179
Additional capital	116,296	116,954
Retained earnings	146,816	76,172
Total Stockholders' Equity	290,158	220,305
	$ 657,436	$ 660,459

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1995	1996	1997
Net sales	$1,464,128	$1,359,593	$1,350,007
Cost of goods sold	987,921	910,517	937,965
Gross profit	476,207	449,076	412,042
Selling, general and administrative expenses	428,634	401,338	412,495
Facility and store closing, restructuring and other expenses	27,000		86,700
Income (loss) before interest and taxes	20,573	47,738	(87,153)
Interest expense, net	23,199	23,164	20,672
Income (loss) before taxes	(2,626)	24,574	(107,825)
Income tax expense (benefit)	(2,920)	6,044	(41,246)
Net income (loss)	$ 294	$ 18,530	$ (66,579)
Net income (loss) per share:			
Basic	$ 0.01	$ 0.69	$ (2.46)
Diluted	$ 0.01	$ 0.68	$ (2.46)

In 1995 and 1997, PVH recorded pre-tax charges of $27,000 and $132,700, respectively, related principally to a series of actions the Company has taken to accelerate the execution of PVH's ongoing strategy to build its brands. Such charges have been recorded in the consolidated statements of operations as follows:

	1995	1997
Cost of goods sold		$46,000
Facility and store closing, restructuring and other expenses	$ 27,000	86,700
	27,000	132,700
Income tax benefit	(9,984)	(47,200)
	$ 17,016	$85,500

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	1995	1996	1997
Operating activities:			
Net income (loss)	$ 294	$ 18,530	$(66,579)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	33,740	29,438	25,300
Write-off of property, plant and equipment	13,000		40,800
Deferred income taxes	3,363	8,214	(42,208)
Equity income in Pyramid Sportswear	(85)	(900)	(792)
Changes in operating assets and liabilities:			
Receivables	(13,927)	18,060	3,150
Income tax refund receivable		16,987	
Inventories	16,315	39,351	(12,112)
Accounts payable and accrued expenses	(83,897)	(17,782)	34,038
Deferred landlord contributions	(399)	(5,001)	(5,949)
Other-net	808	(5,021)	15,998
Net cash provided (used) by operating activities	(30,788)	101,876	(8,354)
Investing activities:			
Acquisition of the Apparel Group of Crystal Brands, Inc	(114,503)		
Property, plant and equipment acquired	(39,773)	(22,578)	(17,923)
Investment in Pyramid Sportswear	(6,950)		
Other-net		143	360
Net cash used by investing activities	(161,226)	(22,435)	(17,563)
Financing activities:			
Proceeds from revolving line of credit	204,996	52,582	123,000
Payments on revolving line of credit and long-term borrowings	(73,660)	(134,302)	(93,651)
Exercise of stock options	1,745	386	791
Cash dividends	(4,007)	(4,050)	(4,065)
Net cash provided (used) by financing activities	129,074	(85,384)	26,075
Increase (decrease) in cash	(62,940)	(5,943)	158
Cash at beginning of period	80,473	17,533	11,590
Cash at end of period	$ 17,533	$ 11,590	$ 11,748

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	$1 PAR VALUE	ADDITIONAL CAPITAL	RETAINED EARNINGS	STOCKHOLDERS' EQUITY
January 29, 1995	26,610,310	$26,610	$ 112,801	$136,049	$ 275,460
Stock options exercised	187,908	188	1,557		1,745
Net income				294	294
Cash dividends				(4,007)	(4,007)
Investment in Pyramid Sportswear	181,134	181	1,619		1,800
January 28, 1996	26,979,352	26,979	115,977	132,336	275,292
Stock options exercised	66,353	67	319		386
Net income				18,530	18,530
Cash dividends				(4,050)	(4,050)
FEBRUARY 2, 1997	27,045,705	27,046	116,296	146,816	290,158
Stock options exercised	133,539	133	658		791
Net loss				(66,579)	(66,579)
Cash dividends				(4,065)	(4,065)
FEBRUARY 1, 1998	27,179,244	$27,179	$ 116,954	$ 76,172	$ 220,305

See notes to consolidated financial statements.

(IN THOUSANDS, EXCEPT SHARE DATA)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation -- The consolidated financial statements include the accounts of PVH and its subsidiaries. Significant 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. Accordingly, results for fiscal years 1995 and 1997 represent the 52 weeks ended January 28, 1996 and February 1, 1998, respectively. Fiscal year 1996 represents the 53 weeks ended February 2, 1997.

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

Asset Impairments -- PVH records impairment losses on long-lived assets (including goodwill) used in operations 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 are stated at the lower of cost or market. Cost for apparel inventories of $90,151 (1996) and $90,999 (1997) is determined using the last-in, first-out method (LIFO). Cost for footwear and certain sportswear inventories is determined using the first-in, first-out method (FIFO).

Property, Plant and Equipment -- Depreciation is computed principally by the straight line method over the estimated useful lives of the various classes of property.

Goodwill -- Goodwill, net of accumulated amortization of $8,615 and $11,358 in 1996 and 1997, respectively, is being amortized principally by the straight line method over 40 years.

Contributions from Landlords -- PVH receives contributions from landlords for fixturing retail stores which the Company leases. Such amounts are amortized as a reduction of rent expense over the life of the related lease. Unamortized contributions are included in accrued expenses and other liabilities and amounted to $18,747 and $12,798 in 1996 and 1997, respectively.

Fair Value of Financial Instruments -- Using discounted cash flow analyses, PVH estimates that the fair value of all financial instruments approximates their carrying value, except as noted in the footnote entitled 'Long-Term Debt'.

Stock-Based Compensation -- PVH accounts for its stock options under the provisions 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'.

Advertising -- Advertising costs are expensed as incurred and totaled $21,136 (1995), $19,427 (1996) and $37,762 (1997).

EARNINGS PER SHARE

In 1997, PVH adopted FASB Statement No. 128, 'Earnings Per Share'. This statement replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share.

PVH computed its basic and diluted earnings per share by dividing net income or loss by:

	1995	1996	1997
Weighted Average Common Shares Outstanding for Basic Earnings Per Share	26,725,804	27,004,115	27,107,633
Impact of Dilutive Employee Stock Options	295,529	209,462	
Total Shares for Diluted Earnings Per Share	27,021,333	27,213,577	27,107,633

(IN THOUSANDS, EXCEPT SHARE DATA)

INCOME TAXES

Income taxes consist of:

	1995	1996	1997
Federal:			
Current	$(8,219)	$(4,620)	$ 400
Deferred	2,995	7,959	(42,985)
State, foreign and local:			
Current	1,936	2,450	562
Deferred	368	255	777
	$(2,920)	$ 6,044	$(41,246)

Taxes paid were $3,371 (1995), $1,262 (1996) and $1,155 (1997). In addition, PVH received an income tax refund of $16,987 in 1996.

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

	1996	1997
Depreciation	$(18,349)	$(18,427)
Landlord contributions	7,367	5,030
Facility and store closing, restructuring and other expenses	415	27,295
Employee compensation and benefits	9,243	10,302
Tax loss and credit carryforwards	17,231	31,179
Other -- net	5,010	7,746
	$ 20,917	$ 63,125

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

	1995	1996	1997
Statutory 35% federal tax	$ (919)	$ 8,601	$(37,739)
State, foreign and local income taxes, net of Federal income tax benefit	1,454	1,463	805
Income of Puerto Rico Subsidiaries(1)	(3,298)	(3,757)	(3,258)
Other -- net	(157)	(263)	(1,054)
Income tax expense (benefit)	$(2,920)	$ 6,044	$(41,246)

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(1) Exemption from Puerto Rico income tax expires in 1998. PVH anticipates this exemption will be extended through 2008.

INVENTORIES

Inventories are summarized as follows:

	1996	1997
Raw materials	$ 16,670	$ 15,964
Work in process	13,208	15,216
Finished goods	207,544	218,354
	$237,422	$249,534

Inventories would have been approximately $13,000 and $12,000 higher than reported at February 2, 1997 and February 1, 1998, respectively, if the FIFO method of inventory accounting had been used for all apparel.

(IN THOUSANDS, EXCEPT SHARE DATA)

PROPERTY, PLANT AND EQUIPMENT

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

	ESTIMATED USEFUL LIVES	1996	1997
Land		$ 1,774	$ 1,646
Buildings and building improvements	15-40 years	37,778	24,932
Machinery and equipment, furniture and fixtures and leasehold improvements	5-15 years	233,884	187,671
		273,436	214,249
Less: Accumulated depreciation and amortization		136,376	119,667
		$137,060	$ 94,582

LONG-TERM DEBT

Long-term debt, exclusive of current portion, is as follows:

	1996	1997
Revolving Credit Facility	$ 40,000	$ 91,600
7.75% Debentures	99,442	99,448
7.75% Senior Notes	49,286	49,286
Other debt	670	670
	$189,398	$241,004

PVH issued $100,000 of 7.75% Debentures due 2023 on November 15, 1993 with a yield to maturity of 7.80%. Interest is payable semi-annually. Based on current market conditions, PVH estimates that the fair value of these Debentures on February 1, 1998, using discounted cash flow analyses, was approximately $93,400.

On April 22, 1998, PVH completed a refinancing of its Revolving Credit Facility and its 7.75% Senior Notes by entering into a new $325,000 Senior Secured Credit Facility with a group of banks and by issuing $150,000 of 9.5% Senior Subordinated Notes due May 1, 2008. The net proceeds from the Senior Subordinated Notes were used to retire the 7.75% Senior Notes and to repay a portion of the amount due under PVH's prior Revolving Credit Facility. Accordingly, such amounts have been classified as long-term debt as of February 1, 1998.

The new $325,000 Credit Facility has a 5 year term and all borrowings thereunder are due April 22, 2003. The Facility includes a revolving credit facility which allows PVH, at its option, to borrow and repay amounts up to $325,000. The Facility also includes a letter of credit facility with a sub-limit of $250,000 provided, however, that the aggregate maximum amount outstanding under both the revolving credit facility and the letter of credit facility is $325,000. Interest is payable quarterly at a spread over LIBOR or the prime rate, at the borrower's option, with the spread based on PVH's credit rating and certain financial ratios. The Facility also provides for payment of a fee on the unutilized portion of the Facility.

The 9.5% Senior Subordinated Notes have a yield to maturity of 9.58% and interest payable semi-annually.

In connection with the 7.75% Debentures and the $325,000 Credit Facility, substantially all of PVH's assets have been pledged as collateral.

In connection with the early retirement of the 7.75% Senior Notes, PVH paid a yield maintenance premium of $1,446, which will be classified as an extraordinary item in 1998.

The weighted average interest rate on outstanding borrowings under the revolving credit facility at February 2, 1997 and February 1, 1998 was 6.2% and 6.4%, respectively.

Interest paid was $22,949 (1995), $24,039 (1996) and $20,784 (1997).

There are no scheduled maturities of long-term debt for the next five years.

INVESTMENT IN PYRAMID SPORTSWEAR

During the fourth quarter of 1995, PVH acquired 25% of Pyramid Sportswear ('Pyramid') for $6,950 in cash and $1,800 in the Company's common stock. PVH accounts for its investment in Pyramid under the equity method of accounting. Pyramid, headquarted in Sweden, designs, develops and sources Gant sportswear under a license from PVH and markets such sportswear in 35 countries around the world. In connection with this investment, PVH also acquired an option to purchase the remaining 75% of Pyramid beginning in 2000.

STOCKHOLDERS' EQUITY

Preferred Stock Rights -- On June 10, 1986, the 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. 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').

If PVH 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.

In the event PVH is not the surviving corporation in a merger or other business combination, or more than 50% of PVH'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, PVH may redeem the Rights in whole, but not in part, at a price of $.05 per Right. During 1996, the rights were extended for a period of 10 years from the date of initial expiration and will expire on June 16, 2006.

Stock Options -- Under PVH's stock option plans, non-qualified and incentive stock options ('ISOs') may be granted. Options are granted at fair market value at the date of grant. ISOs and non-qualified options granted have a ten year duration. Generally, options are cumulatively exercisable in three installments commencing three years after the date of grant.

Under APB Opinion No. 25, PVH 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. Under FASB Statement No. 123, proforma information regarding net income and earnings per share is required as if the Company had accounted for its employee stock options under the fair value method of that Statement.

For purposes of proforma disclosures, PVH estimated the fair value of stock options granted since 1995 at the date of grant using the Black-Scholes option pricing model. The estimated fair value of the options is amortized to expense over the options' vesting period.

(IN THOUSANDS, EXCEPT SHARE DATA)

STOCKHOLDERS' EQUITY--(CONTINUED)

The following summarizes the assumptions used to estimate the fair value of stock options granted in each year and certain proforma information:

	1995	1996	1997
Risk-free interest rate	6.05%	6.61%	6.49%
Expected option life	7 Years	7 Years	7 YEARS
Expected volatility	30.6%	30.6%	26.0%
Expected dividends per share	$ 0.15	$ 0.15	$ 0.15
Weighted average estimated fair value per share of options granted	$ 6.11	$ 5.29	$ 5.43
Proforma net income (loss)	$ (127)	$ 17,396	$(68,242)
Proforma basic and diluted net income (loss) per share	$ (0.00)	$ 0.65	$ (2.52)

As any options granted in the future will also be subject to the fair value proforma calculations, the proforma adjustments for 1995, 1996 and 1997 may not be indicative of future years.

Other data with respect to stock options follows:

	SHARES	OPTION PRICE PER SHARE	WEIGHTED AVERAGE PRICE PER SHARE
Outstanding at January 29, 1995	1,554,249	$ 4.75 - $36.25	$16.99
Granted	568,390	10.75 - 17.50	15.02
Exercised	187,908	4.75 - 10.69	7.17
Cancelled	131,383	4.75 - 34.75	20.37
Outstanding at January 28, 1996	1,803,348	4.75 - 36.25	17.14
Granted	948,411	10.75 - 14.38	12.83
Exercised	66,353	4.75 - 8.75	5.81
Cancelled	727,866	6.88 - 36.25	26.07
Outstanding at February 2, 1997	1,957,540	4.75 - 31.63	12.12
Granted	817,250	12.81 - 15.68	14.23
Exercised	133,539	4.75 - 13.13	5.93
Cancelled	179,587	6.88 - 31.63	14.49
Outstanding at February 1, 1998	2,461,664	$ 5.94 - $31.63	$12.98

Of the outstanding options at February 1, 1998, 434,466 shares have an exercise price below $12.25, 2,023,558 shares have an exercise price from $12.25 to $16.50 and 3,640 shares have an exercise price above $16.50. The weighted average remaining contractual life for all options outstanding at February 1, 1998 is 7.6 years.

Of the outstanding options at February 2, 1997 and February 1, 1998, options covering 645,091 and 650,479 shares were exercisable at a weighted average price of $9.35 and $10.56, respectively. Stock options available for grant at February 2, 1997 and February 1, 1998 amounted to 311,496 and 1,704,250 shares, respectively.

LEASES

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

(IN THOUSANDS, EXCEPT SHARE DATA)

LEASES--(CONTINUED)

At February 1, 1998, minimum annual rental commitments under non-cancellable operating leases, including leases for new retail stores which had not begun operating at February 1, 1998, are as follows:

1998	$ 59,232
1999	46,049
2000	33,183
2001	26,036
2002	19,653
Thereafter	48,174
Total minimum lease payments	$232,327

Rent expense, principally for real estate, is as follows:

	1995	1996	1997
Minimum	$69,988	$67,914	$65,177
Percentage and other	11,807	11,166	11,139
	$81,795	$79,080	$76,316

RETIREMENT AND BENEFIT PLANS

Defined Benefit Plans -- PVH 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 PVH's policy to fund pension cost annually in an amount consistent with Federal law and regulations. The assets of the plans are principally invested in a mix of fixed income and equity investments. In addition, PVH also participates in multi-employer plans, which provide defined benefits to their union employees.

A summary of the components of net pension cost for the defined benefit plans and the total contributions charged to pension expense for the multi-employer plans follows:

	1995	1996	1997
Defined Benefit Plans:			
Service cost -- benefits earned during the period	$ 2,145	$ 2,528	$ 2,004
Interest cost on projected benefit obligation	7,107	7,425	7,935
Actual gain on plan assets	(19,533)	(13,688)	(19,772)
Net amortization and deferral of actuarial gains	12,028	5,354	11,259
Net pension cost of defined benefit plans	1,747	1,619	1,426
Multi-employer plans	219	253	213
Total pension expense	$ 1,966	$ 1,872	$ 1,639

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

	1995	1996	1997
Discount rate used in determining projected benefit obligation	7.50%	8.00%	7.25%
Rate of increase in compensation levels	4.00%	4.50%	4.00%
Long-term rate of return on assets	8.75%	8.75%	8.75%

(IN THOUSANDS, EXCEPT SHARE DATA)

RETIREMENT AND BENEFIT PLANS--(CONTINUED)

The following table sets forth the plans' funded status and amounts recognized for defined benefit plans in the Company's balance sheets:

	1996	1997
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 91,379	$ 108,656
Accumulated benefit obligation	$ 93,373	$ 110,171
Plan assets at fair value	$ 110,830	$ 124,663
Less: projected benefit obligation for services rendered to date	(101,065)	(116,622)
Plan assets in excess of projected benefit obligation	9,765	8,041
Unrecognized prior service cost	3,099	2,536
Unrecognized net actuarial gain	(3,665)	(2,403)
Unrecognized net asset at adoption date of FASB Statement No. 87	(305)	(238)
Net pension asset recognized in the balance sheets	$ 8,894	$ 7,936

Plan assets in excess of projected benefit obligation at February 2, 1997 and February 1, 1998 are net of $3,729 and $4,264, respectively, for certain underfunded plans.

PVH 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 PVH, the participant has been in the plan for at least 10 years and has attained age 55. PVH does not intend to admit new participants in the future. At February 2, 1997 and February 1, 1998, $7,450 and $8,309, respectively, are included in other liabilities as the accrued cost of this plan.

Savings and Retirement Plans -- PVH has a savings and retirement plan (the 'Associates Investment Plan') and a supplemental savings plan for the benefit of its eligible employees who elect to participate. Participants generally may elect to contribute up to 15% of their annual compensation, as defined, to the plans. PVH contributions to the plans are equal to 50% of the amounts contributed by participating employees with respect to the first 6% of compensation and were $2,668 (1995), $2,249 (1996) and $1,959 (1997). In accordance with the terms of the Associates Investment Plan, PVH matching contributions are invested in the Company's common stock.

Post-Retirement Benefits -- PVH and its domestic subsidiaries provide certain health care and life insurance benefits to retired employees. 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.

Net post-retirement benefit cost includes the following components:

	1995	1996	1997
Service cost	$ 466	$ 687	$ 389
Interest cost	2,128	2,166	2,403
Amortization of net loss	37	44	284
Amortization of transition obligation	273	273	273
	$2,904	$3,170	$3,349

(IN THOUSANDS, EXCEPT SHARE DATA)

RETIREMENT AND BENEFIT PLANS--(CONTINUED)

The following reconciles the plan's accumulated post-retirement benefit with amounts recognized in the Company's balance sheets:

	1996	1997
Accumulated post-retirement benefit obligation:		
Retirees receiving benefits	$ 21,505	$ 27,389
Fully eligible active plan participants	2,132	2,547
Active plan participants not eligible for benefits	5,503	4,171
	29,140	34,107
Unrecognized transition obligation	(4,370)	(4,097)
Unrecognized net loss	(4,729)	(8,689)
Post-retirement liability recognized in the balance sheets	$ 20,041	$ 21,321

The weighted average annual assumed rate of increase in the cost of covered benefits (i.e., health care cost trend rate) is 7.0% for 1998 and is assumed to decrease gradually to 5.5% by 2010 and remain at that level thereafter. Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated post-retirement benefit obligation as of February 1, 1998 by $3,391, and the aggregate of the service and interest cost components of net post-retirement benefit cost for 1997 by $303. The discount rate used in determining the accumulated post-retirement benefit obligation at February 2, 1997 and February 1, 1998 was 8.0% and 7.25%, respectively.

SEGMENT DATA

PVH manages and analyzes its operating results by its two vertically integrated business segments: (i) Apparel and (ii) Footwear and Related Products. In prior years, the Apparel segment included sales, income and assets related to apparel marketed by the Company's footwear division. In the fourth quarter of 1997, PVH adopted FASB Statement No. 131, 'Disclosures about Segments of an Enterprise and Related Information'. In identifying its reportable segments under the provisions of Statement No. 131, PVH evaluated its operating divisions and product offerings. Under the aggregation criteria of Statement No. 131, PVH aggregated the results of its apparel divisions into the Apparel segment, which now excludes Bass apparel. The apparel segment derives revenues from marketing dresswear, sportswear and accessories, principally under the brand names Van Heusen, Izod, Izod Club, Gant and Geoffrey Beene. PVH's footwear business has been identified as the Footwear and Related Products segment. This segment derives revenues from marketing casual and weekend footwear, apparel and accessories under the Bass brand name.

(IN THOUSANDS, EXCEPT SHARE DATA)

SEGMENT DATA--(CONTINUED)

Sales for both segments occur principally in the United States. There are no inter-segment sales. The Bass apparel data for prior years has been reclassified for consistent presentation with the current year.

	1995	1996	1997
Net Sales			
Apparel	$ 1,006,701	$ 897,370	$ 911,047
Footwear and Related Products	457,427	462,223	438,960
Total Net Sales	$ 1,464,128	$ 1,359,593	$ 1,350,007
Operating Income (Loss)			
Apparel(1)	$ 12,432	$ 30,021	$ (33,049)
Footwear and Related Products(2)	21,026	32,888	(38,853)
Total Operating Income (Loss)	33,458	62,909	(71,902)
Corporate Expenses	(12,885)	(15,171)	(15,251)
Interest Expense, net	(23,199)	(23,164)	(20,672)
Income (Loss) Before Taxes	$ (2,626)	$ 24,574	$ (107,825)
Identifiable Assets			
Apparel	$ 468,618	$ 381,274	$ 355,979
Footwear and Related Products	165,390	143,631	152,518
Corporate	115,047	132,531	151,962
	$ 749,055	$ 657,436	$ 660,459
Depreciation and Amortization			
Apparel	$ 22,399	$ 16,105	$ 10,484
Footwear and Related Products	7,074	5,780	6,561
Corporate	4,267	7,553	8,255
	$ 33,740	$ 29,438	$ 25,300
Identifiable Capital Expenditures			
Apparel	$ 20,555	$ 4,269	$ 8,103
Footwear and Related Products	7,281	6,650	3,957
Corporate	11,937	11,659	5,863
	$ 39,773	$ 22,578	$ 17,923

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(1) Operating income of the Apparel segment includes charges for facility and store closing, restructuring and other expenses of $25,000 (1995) and $78,465 (1997).

(2) Operating income of the Footwear and Related Products segment includes charges for facility and store closing, restructuring and other expenses of $2,000 (1995) and $54,235 (1997).

FACILITY AND STORE CLOSING, RESTRUCTURING AND OTHER EXPENSES

During 1995 and 1997, the Company recorded pre-tax charges of $27,000 and $132,700, respectively, related principally to a series of actions the Company has taken to accelerate the execution of its ongoing strategies to build its brands. The initiatives related to the 1997 charges are as follows:

Exiting all U.S. mainland footwear manufacturing with the closing of the Company's Wilton, Maine footwear manufacturing facility

Exiting sweater manufacturing with the sale and liquidation of the Company's Puerto Rico sweater operations

Restructuring plant, warehouse and distribution and other administrative areas to reduce product costs and operating expenses and improve efficiencies

Closing an additional 150 underperforming retail outlet stores

(IN THOUSANDS, EXCEPT SHARE DATA)

FACILITY AND STORE CLOSING, RESTRUCTURING AND OTHER EXPENSES--(CONTINUED)

Repositioning the Gant brand in the United States to be consistent with its highly successful positioning in Europe

Modifying a repositioning of the Bass brand, including the liquidation of a resulting excess inventory

The cost components of the 1997 charges are as follows:

Inventory markdowns included in cost of goods sold	$ 46,000
Fixed asset write-offs	40,800
Termination benefits for approximately 2,150 employees	19,500
Lease and other obligations	19,100
Other	7,300
	$132,700

As of February 1, 1998, approximately $84,900 had been charged against this reserve, of which approximately $26,600 related to inventory markdowns.

The initiatives related to the 1995 charges were the closing of three domestic shirt manufacturing facilities, closing approximately 300 underperforming retail outlet stores and reorganizing the Company's management structure to enhance the Company's focus on its brands. Approximately $13,000 of the charges related to the write-off of fixed assets located in such factories and retail outlet stores. The remaining $14,000 related to termination benefits, including pension settlements and curtailments of $1,200, for approximately 1,250 employees. As of February 1, 1998, all of this reserve had been utilized.

OTHER COMMENTS

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 1995, 1996 and 1997, the Company purchased approximately $45,000, $35,000 and $26,500, respectively, of products from TAL Apparel Limited and certain related companies.

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

During 1995, 1996 and 1997, the Company paid a $0.0375 per share cash dividend each quarter on its common stock.

Certain items in 1995 and 1996 have been reclassified to present them on a basis consistent with 1997.

RESERVE FOR DOUBTFUL ACCOUNTS

The following reflects PVH's allowance for bad debts:

	1995	1996	1997
Allowance at Beginning of Year	$1,617	$5,363	$3,401
Provision for Bad Debts	4,244	2,165	694
Deductions Charged Against Allowance	498	4,127	1,184
Allowance at End of Year	$5,363	$3,401	$2,911

SELECTED QUARTERLY FINANCIAL DATA -- UNAUDITED
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
	1996	1997	1996	1997(1)	1996	1997	1996(2)	1997(3)
Net sales	$273,660	$285,925	$313,807	$313,458	$391,245	$413,643	$380,881	$336,981
Gross profit	93,097	98,968	105,325	94,188	129,709	139,766	120,945	79,120
Net income (loss)	(6,554)	(4,540)	2,126	(33,285)	15,035	14,552	7,923	(43,306)
Net income (loss) per share:								
Basic(4)	(0.24)	(0.17)	0.08	(1.23)	0.56	0.54	0.29	(1.59)
Diluted	(0.24)	(0.17)	0.08	(1.23)	0.55	0.53	0.29	(1.59)
Price range of common stock per share:								
High	13 3/8	14 5/8	14 1/2	15 3/4	11 3/4	15 7/8	15 1/8	14 1/2
Low	9 5/8	11 1/2	11	12 3/8	10 3/8	13 1/2	10 3/4	11 1/2

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(1) Net loss for the second quarter of 1997 includes a pre-tax charge of $57,000 for facility and store closing, restructuring and other expenses.

(2) The fourth quarter of 1996 includes 14 weeks of operations.

(3) Net loss for the fourth quarter of 1997 includes a pre-tax charge of $75,700 for facility and store closing, restructuring and other expenses.

(4) Due to averaging the quarterly shares outstanding when computing basic earnings per share, basic earnings per share totaled for the four quarters of 1997 does not agree with the annual amount.

INDEPENDENT ACCOUNTANTS REVIEW REPORT

Stockholders and Board of Directors
Phillips-Van Heusen Corporation

We have reviewed the accompanying condensed consolidated balance sheet of Phillips-Van Heusen Corporation as of May 3, 1998, and the related condensed consolidated statements of operations and cash flows for the thirteen week periods ended May 3, 1998 and May 4, 1997. These financial statements are the responsibility of the Company's management.

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

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

/s/ Ernst & Young LLP

New York, New York
May 20, 1998

PHILLIPS-VAN HEUSEN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT SHARE DATA)

	MAY 3, 1998 (UNAUDITED)
ASSETS	
Current Assets:	
Cash, including cash equivalents of $6,009	$ 12,694
Trade receivables, less allowances of $2,769	101,901
Inventories	261,739
Other, including deferred taxes of $19,031	34,994
Total Current Assets	411,328
Property, Plant and Equipment	92,614
Goodwill	115,683
Other Assets, including deferred taxes of $44,659	70,620
	$ 690,245
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Notes payable	$ 48,000
Accounts payable	32,214
Accrued expenses	82,623
Total Current Liabilities	162,837
Long-Term Debt	249,349
Other Liabilities	65,262
Stockholders' Equity:	
Preferred Stock, par value $100 per share; 150,000 shares authorized; no shares outstanding	
Common Stock, par value $1 per share; 100,000,000 shares authorized; shares issued 27,188,644	27,189
Additional Capital	117,019
Retained Earnings	68,589
Total Stockholders' Equity	212,797
	$ 690,245

See notes to condensed consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THIRTEEN WEEKS ENDED	
	MAY 4, 1997	MAY 3, 1998
	(UNAUDITED)	
Net sales	$285,925	$295,765
Cost of goods sold	186,957	193,257
Gross profit	98,968	102,508
Selling, general and administrative expenses	100,654	101,954
Year 2000 computer conversion expenses		2,000
Loss before interest, taxes and extraordinary item	(1,686)	(1,446)
Interest expense, net	4,932	5,466
Loss before taxes and extraordinary item	(6,618)	(6,912)
Income tax benefit	2,078	2,427
Loss before extraordinary item	(4,540)	(4,485)
Extraordinary loss on debt retirement		(1,060)
Net loss	$ (4,540)	$ (5,545)
Basic and diluted net loss per share:		
Loss before extraordinary item	$ (0.17)	$ (0.16)
Extraordinary loss		(0.04)
Net loss per share	$ (0.17)	$ (0.20)

See notes to condensed consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	THIRTEEN WEEKS ENDED	
	MAY 4, 1997	MAY 3, 1998
	(UNAUDITED)	
Operating activities:		
Net loss	$ (4,540)	$ (5,545)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	6,982	6,785
Equity income in Pyramid Sportswear	(228)	(260)
Deferred income taxes		(565)
Changes in operating assets and liabilities:		
Receivables	(5,398)	(13,245)
Inventories	(29,690)	(12,205)
Accounts payable and accrued expenses	(3,869)	(10,428)
Deferred landlord contributions	(1,382)	(1,129)
Other-net	(967)	(1,264)
Net cash used by operating activities	(39,092)	(37,856)
Investing activities:		
Property, plant and equipment acquired	(3,354)	(3,553)
Financing activities:		
Net proceeds from issuance of 9.5% senior subordinated notes		145,104
Repayment of 7.75% senior notes		(49,286)
Proceeds from revolving lines of credit	49,001	117,000
Payments on revolving lines of credit		(168,500)
Exercise of stock options	105	75
Cash dividends	(2,030)	(2,038)
Net cash provided by financing activities	47,076	42,355
Increase in cash	4,630	946
Cash at beginning of period	11,590	11,748
Cash at end of period	$ 16,220	$ 12,694

See notes to condensed consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
(IN THOUSANDS)

GENERAL

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not contain all disclosures required by generally accepted accounting principles for complete financial statements. Reference should be made to the annual financial statements, including the notes thereto, for the year ended February 1, 1998 which are included elsewhere herein.

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

The results of operations for the thirteen weeks ended May 4, 1997 and May 3, 1998 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. The data contained in these financial statements are unaudited and are subject to year-end adjustments; however, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods.

Certain reclassifications have been made to the condensed consolidated financial statements for the thirteen weeks ended May 4, 1997 to present them on a basis consistent with the thirteen weeks ended May 3, 1998.

INVENTORIES

Inventories are summarized as follows:

	MAY 3, 1998
Raw materials	$ 14,325
Work in process	14,509
Finished goods	232,905
Total	$261,739

Inventories are stated at the lower of cost or market. Cost for apparel inventories, excluding certain sportswear inventories, is determined using the last-in, first-out method (LIFO). Cost for footwear and certain sportswear inventories is determined using the first-in, first-out method (FIFO). Inventories would have been approximately $12,200 higher than reported at May 3, 1998, if the FIFO method of inventory accounting had been used for all apparel.

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

EXTRAORDINARY LOSS

On April 22, 1998, PVH issued $150 million of 9.5% senior subordinated notes due May 1, 2008 and used the net proceeds to retire its intermediate term 7.75% senior notes and to repay a portion of the borrowings under its prior revolving credit facility. On the same day, PVH refinanced its revolving credit facility by entering into a new $325 million senior secured credit facility. In connection therewith,

EXTRAORDINARY LOSS--(CONTINUED)

the Company paid a yield maintenance premium of $1.4 million and wrote-off certain debt issue costs of $0.2 million. These items have been classified as an extraordinary loss, net of tax benefit of $0.5 million, in the first quarter of 1998.

SEGMENT DATA

PVH manages and analyzes its operating results by its two vertically integrated business segments: (i) Apparel and (ii) Footwear and Related Products. In identifying its reportable segments under the provisions of FASB Statement No. 131, 'Disclosures about Segments of an Enterprise and Related Information', PVH evaluated its operating divisions and product offerings. Under the aggregation criteria of Statement No. 131, PVH aggregated the results of its apparel divisions into the Apparel segment. This segment derives revenues from marketing dresswear, sportswear and accessories, principally under the brand names Van Heusen, Izod, Izod Club, Gant and Geoffrey Beene. PVH's footwear business has been identified as the Footwear and Related Products segment. This segment derives revenues from marketing casual and weekend footwear, apparel and accessories under the Bass brand name.

Sales for both segments occur principally in the United States. There are no inter-segment sales. See 'Management's Discussion and Analysis of Results of Operations and Financial Condition' for additional segment data.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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PHILLIPS-VAN HEUSEN
CORPORATION

OFFER TO EXCHANGE UP TO
$150,000,000 OF ITS
9 1/2% SENIOR SUBORDINATED
NOTES DUE 2008
FOR
9 1/2% SENIOR SUBORDINATED NOTES
DUE 2008

PROSPECTUS

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of Delaware, the law of the state in which the Company is incorporated, empowers a corporation within certain limitations to indemnify any person against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with any suit or proceeding to which such person is a party by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, as long as such person acted in good faith and in a manner which the person reasonably believed to be in, or not opposed to, the best interests of the corporation. With respect to any criminal proceeding, the person must have had no reasonable cause to believe that the person's conduct was unlawful. Article Eighth of the Company's Certificate of Incorporation provides for indemnification of directors to the extent permitted by the General Corporation Law of the State of Delaware.

Section 102(b)(7) of the General Corporation Law of the State of Delaware provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit. Article Eighth of the Company's Certificate of Incorporation contains such a provision.

The Company also has in effect directors' and officers' liability insurance covering certain liabilities incurred by the directors and officers of the Company in connection with the performance of their duties.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

See the Exhibit Index included immediately preceding the exhibits to this Registration Statement.

ITEM 22. UNDERTAKINGS.

The undersigned Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the 'Calculation of Registration Fee' table in the effective registration statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Company hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Company's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act, and will be governed by the final adjudication of such issue.

The undersigned Company hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first-class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the Registration Statement through the date of responding to the request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of New York and State of New York on June 17, 1998.

PHILLIPS VAN-HEUSEN CORPORATION

By: /s/

Bruce J. Klatsky
Chairman and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bruce J. Klatsky his true and lawful attorney-in-fact and agent, acting alone, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all the exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorney-in-fact and agent, acting alone, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Bruce J. Klatsky	Chairman; Chief Executive Officer; Director	June 17, 1998
/s/ Mark Weber	President, Chief Operating Officer;	June 17, 1998
/s/ Irwin W. Winter	Executive Vice President; Chief Financial Officer; Director	June 17, 1998
/s/ Emanuel Chirico	Vice President and Controller	June 17, 1998
/s/ Edward H. Cohen	Director	June 17, 1998
/s/ Joseph B. Fuller	Director	June 17, 1998
/s/ Joel H. Goldberg	Director	June 17, 1998
/s/ Marc Grossman	Director	June 17, 1998
/s/ Dennis F. Hightower	Director	June 17, 1998
/s/ Maria Elena Lagomasino	Director	June 17, 1998
/s/ Harry N.S. Lee	Director	June 17, 1998

SIGNATURE	TITLE	DATE
/s/ Bruce Maggin	Director	June 17, 1998
/s/ Sylvia M. Rhone	Director	June 17, 1998
/s/ Peter J. Solomon	Director	June 17, 1998

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION
4.1*	--	Indenture, dated as of April 22, 1998, between the Company and Union Bank of California, N.A., as Trustee.
4.2*	--	Exchange and Registration Rights Agreement, dated as of April 22, 1998, among the Company and Goldman, Sachs & Co., Chase Securities Inc. and Citicorp Securities, Inc.
4.3*	--	Form of Global 9 1/2% Senior Subordinated Note due 2008.
5*	--	Form of Opinion of Rosenman & Colin LLP.
12*	--	Statement re: Computation of Ratios.
13	--	Annual Report on Form 10-K for the fiscal year ended February 1, 1998, as amended by its amendment on Form 10-K/A No. 1 (incorporated by reference to the Company's Annual Report on Form 10-K and its amendment on Form 10-K/A filed with the Commission on April 15, 1998 and April 24, 1998, respectively).
21	--	List of Subsidiaries (incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1998).
23.1*	--	Consent of Ernst & Young LLP.
23.2*	--	Consent of Rosenman & Colin LLP (included in Exhibit 5).
24*	--	Power of Attorney (included on page II-4).
25+	--	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Union Bank of California, N.A., as Trustee.
99.1*	--	Form of Letter of Transmittal for Initial Notes.
99.2*	--	Form of Notice of Guaranteed Delivery for Initial Notes.

* Filed herewith.
+ To be filed by amendment.

Exhibit 4.1

PHILLIPS-VAN HEUSEN CORPORATION

As Issuer

TO

UNION BANK OF CALIFORNIA, N.A.

As Trustee

Indenture

Dated as of April 22, 1998

$150,000,000

9 1/2% Senior Subordinated Notes due May 1, 2008

.....

Reconciliation and tie between Trust Indenture Act of 1939 and Indenture, dated as of August 7, 1997

Trust Indenture Act Section		Indenture Section
ss. 310(a)(1)	.....	609
(a)(2)	.....	609
(a)(3)	.....	Not Applicable
(a)(4)	.....	Not Applicable
(b)	.....	608 610
ss. 311(a)	.....	613(a)
(b)	.....	613(b)
(b)(2)	.....	703(a)(2) 703(b)
ss. 312(a)	.....	701 702(a)
(b)	.....	702(b)
(c)	.....	702(c)
ss. 313(a)	.....	703(a)
(b)	.....	703(b)
(c)	.....	703(a) 703(b)
(d)	.....	703(c)
ss. 314(a)	.....	704
(b)	.....	Not Applicable
(c)(1)	.....	102
(c)(2)	.....	102
(c)(3)	.....	Not Applicable
(d)	.....	Not Applicable
(e)	.....	102
ss. 315(a)	.....	601(a)
(b)	.....	602 703(a)(6)
(c)	.....	601(b)
(d)	.....	601(c)
(d)(1)	.....	601(a)(1)
(d)(2)	.....	601(c)(2)

Trust Indenture Act Section		Indenture Section
(d)(3)	.....	601(c)(3)
(e)	.....	514
ss. 316(a)	.....	101
(a)(1)(A)	.....	502 512
(a)(1)(B)	.....	513
(a)(2)	.....	Not Applicable
(b)	.....	508
ss. 317(a)(1)	.....	503
(a)(2)	.....	504
(b)	.....	1003
ss. 318(a)	.....	107

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Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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Satisfaction and Discharge

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ARTICLE EIGHT

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ARTICLE NINE

Supplemental Indentures

ARTICLE TEN

Covenants

INDENTURE, dated as of April 22, 1998, between Phillips-Van Heusen Corporation, a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at 1290 Avenue of the Americas, New York, New York 10104 and Union Bank of California, N.A., a national banking association duly organized and existing under the laws of the United States of America, as Trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the creation of an issue of its 9 1/2% Senior Subordinated Notes due May 1, 2008 (the "Notes") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

All things necessary (i) to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company and (ii) to make this Indenture a valid agreement of the Company, all in accordance with their respective terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE ONE

Definitions and Other Provisions
of General Application

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (whether or not such is indicated herein), and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" or GAAP with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted as consistently applied by the Company at the date of such computation;

(4) unless otherwise specifically set forth herein, all calculations or determinations of a Person shall be performed or made on a consolidated basis in accordance with generally accepted accounting principles; and

(5) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent Member" means any member of, or participant in, the Depositary.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Global Note or beneficial interest therein, the rules and procedures of the Depositary for such Note, Euroclear and Cedel, in each case to the extent applicable to such transaction and as in effect at the time of such transfer or transaction.

"Asset Disposition" by any Person means any transfer, conveyance, sale, lease or other disposition by such Person or any of its Restricted Subsidiaries (including any issuance or sale by a Restricted Subsidiary of Capital Stock of such Restricted Subsidiary, and including a consolidation or merger or other sale of any such Restricted Subsidiary with, into or to another Person in a transaction in which such Restricted Subsidiary ceases to be a Restricted Subsidiary, but excluding a disposition by a Restricted Subsidiary of such Person to such Person or a Wholly Owned Restricted Subsidiary of such Person or by such Person to a Wholly Owned Restricted Subsidiary of such Person) of (i) shares of Capital Stock (other than directors' qualifying shares) or other ownership interests of a Restricted Subsidiary of such Person, (ii) substantially all of the assets of such Person or any of its Restricted Subsidiaries representing a division or line of business or (iii) other assets or rights of such Person or any of its Restricted Subsidiaries outside of the ordinary course of business, provided in each case that the aggregate consideration to the Company or Restricted Subsidiary in any single transaction or series of related transactions for such transfer, conveyance, sale, lease or other disposition is equal to $20.0 million or more.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board. Except as otherwise provided or unless context otherwise requires, each reference herein to the "Board of Directors" shall mean the Board of Directors of the Company.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee. Except as otherwise expressly provided or unless the context otherwise

requires, each reference herein to a "Board Resolution" shall mean a Board Resolution of the Company.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York, New York or in the city in which the Corporate Trust Office is located are authorized or obligated by law or executive order to close.

"Capital Lease Obligation" of any Person means the obligation to pay rent or other payment amounts under a lease of (or other Debt arrangements conveying the right to use) real or personal property of such Person which is required to be classified and accounted for as a capital lease or a liability on the face of a balance sheet of such Person in accordance with generally accepted accounting principles. The stated maturity of such obligation shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. The principal amount of such obligation shall be the capitalized amount thereof that would appear on the face of a balance sheet of such Person in accordance with generally accepted accounting principles.

"Capital Stock" of any Person means any and all shares, interests, participations or other equivalents (however designated) of corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person.

"Cash Equivalents" means (i) direct obligations of the United States of America or any agency thereof having maturities of not more than one year from the date of acquisition, (ii) time deposits and certificates of deposit of any domestic commercial bank of recognized standing having capital and surplus in excess of $500 million, with maturities of not more than one year from the date of acquisition, (iii) repurchase obligations issued by any bank described in clause (ii) above with a term not to exceed 30 days; (iv) commercial paper rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's, in each case maturing within one year after the date of acquisition and (v) shares of any money market mutual fund, or similar fund, in each case having assets in excess of $500 million, which invests

predominantly in investments of the types describes in clauses (i) through (iv) above.

"Cedel" means Cedel, S.A. (or any successor securities clearing agency).

"Closing Date" means April 22, 1998.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" of any Person means Capital Stock of such Person that does not rank prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary and delivered to the Trustee.

"Consolidated Cash Flow Available for Fixed Charges" means for any period the Consolidated Net Income of the Company and its Restricted Subsidiaries for such period increased by the sum of (i) Consolidated Interest Expense of the Company and its Restricted Subsidiaries for such period, plus (ii) Consolidated Income Tax Expense of the Company and its Restricted Subsidiaries for such period, plus (iii) the consolidated depreciation and amortization expense included in the income statement of the Company and its Restricted Subsidiaries for such period, plus (iv) all other non-cash items reducing Consolidated Net Income of the Company and

its Restricted Subsidiaries, less all non-cash items increasing Consolidated Net Income of the Company and its Restricted Subsidiaries; provided, however, that there shall be excluded therefrom the Consolidated Cash Flow Available for Fixed Charges (if positive) of any Restricted Subsidiary of the Company (calculated separately for such Restricted Subsidiary in the same manner as provided above for the Company) that is subject to a restriction which prevents the payment of dividends or the making of distributions to the Company or another Restricted Subsidiary of the Company to the extent of such restriction.

"Consolidated Cash Flow Coverage Ratio" as of any date of determination means the ratio of (i) Consolidated Cash Flow Available for Fixed Charges of the Company and its Restricted Subsidiaries for the period of the most recently completed four consecutive fiscal quarters for which quarterly or annual financial statements are available to (ii) Consolidated Fixed Charges of the Company and its Restricted Subsidiaries for such period; provided, however, that Consolidated Fixed Charges shall be adjusted to give effect on a pro forma basis to any Debt (other than short-term Debt Incurred for working capital purposes) that has been Incurred by the Company or any Restricted Subsidiary since the beginning of such period that remains outstanding and to any Debt (other than short-term Debt Incurred for working capital purposes) that is proposed to be Incurred by the Company or any Restricted Subsidiary as if in each case such Debt had been Incurred on the first day of such period and as if any Debt (other than short-term Debt Incurred for working capital purposes) that (i) is or will no longer be outstanding as the result of the Incurrence of any such Debt or (ii) had been repaid or retired during such period had not been outstanding as of the first day of such period; provided further that in making such computation, the Consolidated Interest Expense of the Company and its Restricted Subsidiaries attributable to interest on any proposed Debt bearing a floating interest rate shall be computed on a pro forma basis as if the rate in effect on the date of computation had been the applicable rate for the entire period; and provided further that, in the event the Company or any of its Restricted Subsidiaries has made Asset Dispositions or acquisitions of assets not in the ordinary course of business (including acquisitions of other Persons by merger, consolidation or purchase of Capital Stock) during or after such period, such computation shall be made on a pro forma basis as if the Asset Dispositions or

acquisitions had taken place on the first day of such period.

"Consolidated Fixed Charges" for any period means the sum of (i) Consolidated Interest Expense and (ii) the consolidated amount of interest capitalized by the Company and its Restricted Subsidiaries during such period calculated in accordance with generally accepted accounting principles.

"Consolidated Income Tax Expense" for any period means the consolidated provision for income taxes of the Company and its Restricted Subsidiaries for such period calculated on a consolidated basis in accordance with generally accepted accounting principles.

"Consolidated Interest Expense" means for any period the consolidated interest expense included in a consolidated income statement (without deduction of interest income) of the Company and its Restricted Subsidiaries for such period calculated on a consolidated basis in accordance with generally accepted accounting principles, including without limitation or duplication (or, to the extent not so included, with the addition of), (i) the amortization of Debt discounts; (ii) any payments or fees with respect to letters of credit, bankers' acceptances or similar facilities; (iii) fees with respect to Interest Rate, Currency or Commodity Price Agreements; (iv) Preferred Stock dividends of Restricted Subsidiaries of the Company (other than with respect to Redeemable Stock) declared and paid or payable to persons other than the Company or any Restricted Subsidiary; (v) accrued Redeemable Stock dividends of the Company and its Restricted Subsidiaries payable to persons other than the Company or any Restricted Subsidiary, whether or not declared or paid; (vi) interest on Debt guaranteed by the Company and its Restricted Subsidiaries; and (vii) the portion of any rental obligation with respect to capitalized leases allocable to interest expense.

"Consolidated Net Income" for any period means the consolidated net income (or loss) of the Company and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with generally accepted accounting principles; provided that there shall be excluded therefrom (a) the net income (or loss) of any Person acquired by the Company or a Restricted Subsidiary of the Company in a pooling-of-interests transaction for any period

prior to the date of such transaction, (b) the net income (or loss) of any Person that is not a Subsidiary of the Company except to the extent of the amount of dividends or other distributions actually paid to the Company or a Subsidiary of the Company by such Person during such period, (c) gains or losses on Asset Dispositions by the Company or its Restricted Subsidiaries, (d) all extraordinary gains and extraordinary losses, (e) the cumulative effect of changes in accounting principles and (f) the tax effect, if any, of any of the items described in clauses (a) through (e) above; provided, further, that for purposes of any determination pursuant to the provisions described under Section 1012 hereof, there shall further be excluded therefrom the net income (but not net loss) of any Restricted Subsidiary of the Company that is subject to a restriction which prevents the payment of dividends or the making of distributions to the Company or another Restricted Subsidiary of the Company to the extent of such restriction.

"Consolidated Net Worth" of any Person means the consolidated stockholders' equity of such Person, determined on a consolidated basis in accordance with generally accepted accounting principles, less amounts attributable to Redeemable Stock of such Person; provided that, with respect to the Company, adjustments following the date of this Indenture to the accounting books and records of the Company in accordance with Accounting Principles Board Opinions Nos. 16 and 17 (or successor opinions thereto) or otherwise resulting from the acquisition of control of the Company by another Person shall not be given effect to.

"Consolidated Tangible Assets" of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, less all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises, and research and development costs.

"Corporate Trust Office" means the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which is, at the date as of which this Indenture is dated, located at 475 Sansome Street, 12th Floor, San Francisco, California 94111.

"corporation" means a corporation, association, company, joint-stock company, partnership or business trust.

"Debt" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (i) every obligation of such Person for money borrowed, (ii) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations Incurred in connection with the acquisition of property, assets or businesses, (iii) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of such Person, (iv) every obligation of such Person issued or assumed as the deferred purchase price of property or services (including securities repurchase agreements but excluding trade accounts payable or accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith), (v) every Capital Lease Obligation of such Person, (vi) all Receivables Sales of such Person, together with any obligation of such Person to pay any discount, interest, fees, indemnities, penalties, recourse, expenses or other amounts in connection therewith, (vii) all Redeemable Stock issued by such Person, (viii) Preferred Stock of Restricted Subsidiaries of such Person held by Persons other than such Person or one of its Wholly Owned Restricted Subsidiaries, (ix) every obligation under Interest Rate, Currency or Commodity Price Agreements of such Person and (x) every obligation of the type referred to in clauses (i) through (ix) of another Person and all dividends of another Person the payment of which, in either case, such Person has Guaranteed or is responsible or liable for, directly or indirectly, as obligor, Guarantor or otherwise. The "amount" or "principal amount" of Debt at any time of determination as used herein represented by (a) any Receivables Sale, shall be the amount of the unrecovered capital or principal investment of the purchaser (other than the Company or a Wholly Owned Restricted Subsidiary of the Company) thereof, excluding amounts representative of yield or interest earned on such investment and (b) any Redeemable Stock, shall be the maximum fixed redemption or repurchase price in respect thereof.

"Depositary" means, with respect to any Notes, a clearing agency that is registered as such under the Exchange Act and is designated by the Company to act as

Depositary for such Notes (or any successor securities clearing agency so registered).

"Designated Senior Debt" shall mean (i) so long as the New Credit Facility is in effect, the obligations of the Company under the New Credit Facility and (ii) at any time thereafter, the 2023 Debentures and any other Senior Debt of the Company permitted under this Indenture, the principal amount of which at original issuance is $25.0 million or more and that has been designated by the Company as Designated Senior Debt.

"DTC" means The Depository Trust Company, a New York corporation.

"Euroclear" means the Euroclear Clearance System (or any successor securities clearing agency).

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934 as it may be amended and any successor act thereto.

"Exchange and Registration Rights Agreement" means the Exchange and Registration Rights Agreement, dated as of April 22, 1998, among the Company, Goldman, Sachs & Co., Chase Securities Inc. and Citicorp Securities, Inc., as representatives of the Initial Purchasers, and the Holders from time to time as provided therein, as such agreement may be amended from time to time.

"Exchange Notes" means the Notes issued pursuant to the Exchange Offer and their Successor Notes.

"Exchange Offer" means an offer made by the Company pursuant to the Exchange and Registration Rights Agreement under the effective registration statement under the Securities Act to exchange securities substantially identical to Outstanding Notes (except for the differences provided for herein) for Outstanding Notes.

"Exchange Registration Statement" means a registration statement of the Company under the Securities Act registering Exchange Notes for distribution pursuant to the Exchange Offer.

"Global Note" means a Note that is registered in the Security Register in the name of a Depositary or a nominee thereof.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person guaranteeing, or having the economic effect of guaranteeing, any Debt of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including, without limitation, any obligation of such Person, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Debt, (ii) to purchase property, securities or services for the purpose of assuring the holder of such Debt of the payment of such Debt, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt (and "Guaranteed", "Guaranteeing" and "Guarantor" shall have meanings correlative to the foregoing); provided, however, that the Guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business.

"Holder" means a Person in whose name a Note is registered in the Security Register.

"Incur" means, with respect to any Debt or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume, Guarantee or otherwise become liable in respect of such Debt or other obligation or the recording, as required pursuant to generally accepted accounting principles or otherwise, of any such Debt or other obligation on the balance sheet of such Person (and "Incurrence", "Incurred", "Incurrable" and "Incurring" shall have meanings correlative to the foregoing); provided, however, that a change in generally accepted accounting principles that results in an obligation of such Person that exists at such time becoming Debt shall not be deemed an Incurrence of such Debt.

"Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof including, for all purposes of this instrument and any such

supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"Initial Purchasers" means Goldman, Sachs & Co., Chase Securities Inc. and Citicorp Securities, Inc., as purchasers of the Notes from the Company pursuant to the Note Purchase Agreement.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Notes.

"Interest Rate, Currency or Commodity Price Agreement" of any Person means any forward contract, futures contract, swap, option or other financial agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements) relating to, or the value of which is dependent upon, interest rates, currency exchange rates or commodity prices or indices (excluding contracts for the purchase or sale of goods in the ordinary course of business).

"Investment" by any Person means any direct or indirect loan, advance or other extension of credit or capital contribution to (by means of transfers of cash or other property to others or payments for property or services for the account or use of others, or otherwise) to, or purchase or acquisition of Capital Stock, bonds, notes, debentures or other securities or evidence of Debt issued by any other Person, including any payment on a Guarantee of any obligation of such other Person.

"Lien" means, with respect to any property or assets, any mortgage or deed of trust, pledge, hypothecation, assignment, Receivables Sale, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Maturity", when used with respect to any Note, means the date on which the principal of such Note becomes

due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Moody's" means Moody's Investors Service, Inc.

"Net Available Proceeds" from any Asset Disposition by any Person means cash or readily marketable cash equivalents received (including by way of sale or discounting of a note, installment receivable or other receivable, but excluding any other consideration received in the form of assumption by the acquiree of Debt or other obligations relating to such properties or assets) therefrom by such Person, net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses Incurred and all federal, state, provincial, foreign and local taxes required to be accrued as a liability as a consequence of such Asset Disposition, (ii) all payments made by such Person or its Restricted Subsidiaries on any Debt which is secured by such assets in accordance with the terms of any Lien upon or with respect to such assets or which must by the terms of such Lien, or in order to obtain a necessary consent to such Asset Disposition or by applicable law, be repaid out of the proceeds from such Asset Disposition, (iii) all distributions and other payments made to minority interest holders in Restricted Subsidiaries of such Person or joint ventures as a result of such Asset Disposition and (iv) appropriate amounts to be provided by such Person or any Restricted Subsidiary thereof, as the case may be, as a reserve in accordance with generally accepted accounting principles against any liabilities associated with such assets and retained by such Person or any Restricted Subsidiary thereof, as the case may be, after such Asset Disposition, including, without limitation, liabilities under any indemnification obligations and severance and other employee termination costs associated with such Asset Disposition, in each case as determined by the Board of Directors, in its reasonable good faith judgment evidenced by a resolution of the Board of Directors filed with the Trustee; provided, however, that any reduction in such reserve following the consummation of such Asset Disposition will be treated for all purposes of the Indenture and the Notes as a new Asset Disposition at the time of such reduction with Net Available Proceeds equal to the amount of such reduction.

"New Credit Facility" means the senior secured revolving credit facility in the aggregate principal amount of $325.0 million between the Company, The Chase Manhattan Bank, as administrative and collateral agent, Citibank USA, Inc., as documentation agent, and certain other lenders, as it may be amended or restated from time to time, and any renewal, extension, refinancing, refunding or replacement thereof, in whole or in part.

"Note Purchase Agreement" means the Purchase Agreement, dated as of April 22, 1998, between the Company and the Initial Purchasers, as such agreement may be amended from time to time.

"Notes" means notes designated in the first paragraph of the RECITALS OF THE COMPANY and includes the Exchange Notes.

"Offer to Purchase" means a written offer (the "Offer") sent by the Company by first class mail, postage prepaid, to each Holder at his address appearing in the Security Register on the date of the Offer offering to purchase up to the principal amount of Notes specified in such Offer at the purchase price specified in such Offer (as determined pursuant to this Indenture). Unless otherwise required by applicable law, the Offer shall specify an expiration date (the "Expiration Date") of the Offer to Purchase which shall be, subject to any contrary requirements of applicable law, not less than 30 days or more than 60 days after the date of such Offer and a settlement date (the "Purchase Date") for purchase of Notes within five Business Days after the Expiration Date. The Company shall notify the Trustee at least 15 Business Days (or such shorter period as is acceptable to the Trustee) prior to the mailing of the Offer of the Company's obligation to make an Offer to Purchase, and the Offer shall be mailed by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. The Offer shall contain information concerning the business of the Company and its Restricted Subsidiaries which the Company in good faith believes will enable such Holders to make an informed decision with respect to the Offer to Purchase (which at a minimum will include (i) the most recent annual and quarterly financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the documents required to be filed with the Trustee pursuant to

Section 1017 (which requirements may be satisfied by delivery of such documents together with the Offer), (ii) a description of material developments in the Company's business subsequent to the date of the latest of such financial statements referred to in clause (i) (including a description of the events requiring the Company to make the Offer to Purchase), (iii) if applicable, appropriate pro forma financial information concerning the Offer to Purchase and the events requiring the Company to make the Offer to Purchase and (iv) any other information required by applicable law to be included therein. The Offer shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. The Offer shall also state:

(1) the Section of this Indenture pursuant to which the Offer to Purchase is being made;

(2) the Expiration Date and the Purchase Date;

(3) the aggregate principal amount of the Outstanding Notes offered to be purchased by the Company pursuant to the Offer to Purchase (including, if less than 100%, the manner by which such has been determined pursuant to the Section hereof requiring the Offer to Purchase) (the "Purchase Amount");

(4) the purchase price to be paid by the Company for each $1,000 aggregate principal amount of Notes accepted for payment (as specified pursuant to this Indenture) (the "Purchase Price");

(5) that the Holder may tender all or any portion of the Notes registered in the name of such Holder and that any portion of a Note tendered must be tendered in an integral multiple of $1,000 principal amount;

(6) the place or places where Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(7) that interest on any Note not tendered or tendered but not purchased by the Company

pursuant to the Offer to Purchase will continue to accrue;

(8) that on the Purchase Date the Purchase Price will become due and payable upon each Note accepted for payment pursuant to the Offer to Purchase and that interest thereon shall cease to accrue on and after the Purchase Date;

(9) that each Holder electing to tender a Note pursuant to the Offer to Purchase will be required to surrender such Note at the place or places specified in the Offer prior to the close of business on the Expiration Date (such Note being, if the Company or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing);

(10) that Holders will be entitled to withdraw all or any portion of Notes tendered if the Company (or their Paying Agent) receives, not later than the close of business on the Expiration Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder tendered, the certificate number of the Note the Holder tendered and a statement that such Holder is withdrawing all or a portion of his tender;

(11) that (a) if Notes in an aggregate principal amount less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase all such Notes and (b) if Notes in an aggregate principal amount in excess of the Purchase Amount are tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase Notes having an aggregate principal amount equal to the Purchase Amount on a pro rata basis (with such adjustments as may be deemed appropriate so that only Notes in denominations of $1,000 or integral multiples thereof shall be purchased); and

(12) that in the case of any Holder whose Note is purchased only in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Note so tendered.

Any Offer to Purchase shall be governed by and effected in accordance with the Offer for such Offer to Purchase.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. Unless the context otherwise requires, each reference herein to an "Officers' Certificate" shall mean an Officers' Certificate of the Company.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company, and who shall be reasonably acceptable to the Trustee.

"Original Notes" means all Notes other than Exchange Notes.

"Outstanding", when used with respect to Notes, means, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(i) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision

therefor satisfactory to the Trustee has been made; and

(iii) Notes which have been transferred pursuant to Section 306 or in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, other than any such Notes in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Notes which the Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any other obligor upon the Notes or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Notes on behalf of the Company.

"Permitted Interest Rate, Currency or Commodity Price Agreement" of any Person means any Interest Rate, Currency or Commodity Price Agreement entered into with one or more financial institutions in the ordinary course of business that is designed to protect such Person against fluctuations in interest rates or currency exchange rates with respect to Debt Incurred and which shall have a notional amount no greater than the payments due with respect to the Debt being hedged thereby, or in the case of currency or commodity protection agreements, against currency exchange rate or commodity price fluctuations in the ordinary course of business relating to then existing financial obligations or then existing or forecast produc-

tion or for purchase of products for resale and not for purposes of speculation.

"Permitted Investments" means (i) an Investment in the Company or a Wholly-Owned Restricted Subsidiary of the Company; (ii) an Investment in Pyramid Sportswear; provided, however, that as a result thereof the Company owns not less than a majority interest in Pyramid Sportswear; (iii) an Investment in a Person, if such Person or a Subsidiary of such Person will, as a result of the making of such Investment and all other contemporaneous related transactions, become a Wholly-Owned Restricted Subsidiary of the Company or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Company or a Wholly-Owned Restricted Subsidiary of the Company; (iv) a Temporary Cash Investment; (v) stock, obligations or securities received in settlement of debts owing to the Company or a Restricted Subsidiary of the Company as a result of bankruptcy or insolvency proceedings or upon the foreclosure, perfection, enforcement or agreement in lieu of foreclosure of any Lien in favor of the Company or a Restricted Subsidiary of the Company; (vi) Investments in the Notes; (vii) Investments in Permitted Interest Rate, Currency or Commodity Price Agreements; (viii) advances to employees of the Company made in the ordinary course of business and (ix) entry into and Investments in joint ventures, partnerships and other Persons engaged or proposing to engage in businesses related to those conducted by the Company or any Restricted Subsidiary of the Company, in an amount not to exceed $15 million.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Predecessor Note" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 307 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Note shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Preferred Stock", of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Public Equity Offering" means an underwritten primary public offering of Common Stock of the Company pursuant to an effective registration statement under the Securities Act of 1933, as amended.

"Receivables" means receivables, chattel paper, instruments, documents or intangibles evidencing or relating to the right to payment of money.

"Receivables Sale" of any Person means any sale of Receivables of such Person (pursuant to a purchase facility or otherwise), other than in connection with a disposition of the business operations of such Person relating thereto or a disposition of defaulted Receivables for purposes of collection and not as a financing arrangement.

"Redeemable Stock" of any Person means any Capital Stock of such Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or otherwise (including upon the occurrence of an event) matures or is required to be redeemed (pursuant to any sinking fund obligation or otherwise) or is convertible into or exchangeable for Debt or is redeemable at the option of the holder thereof, in whole or in part, at any time prior to the final Stated Maturity of the Notes; provided that "Redeemable Stock" shall not include any Capital Stock that is payable at maturity, or upon required redemption or redemption at the option of the holder thereof, or that is automatically convertible or exchangeable, solely in or into Common Stock of such Person.

"Redemption Date", when used with respect to any Note to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Note to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registration Default" means the occurrence of any of the following events: (i) the Company has not filed the Exchange Registration Statement or Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to the Exchange and Registration Rights Agreement, (ii) the Exchange Registration Statement or Shelf Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective under the requirements of the Exchange and Registration Rights Agreement, (iii) the Exchange Offer has not been completed within 30 Business Days after the initial effective date of the Exchange Registration Statement relating to the Exchange Offer (if the Exchange Offer is then required to be made under the Exchange and Registration Rights Agreement) or (iv) any Exchange Registration Statement or Shelf Registration Statement required to be filed pursuant the Exchange and Registration Rights Agreement is filed and declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such registration statement (except as specifically permitted herein) without being succeeded immediately by an additional registration statement filed and declared effective.

"Registration Default Period" means any period during which a Registration Default has occurred and is continuing.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Certificate" means a certificate substantially in the form set forth in Annex A.

"Regulation S Global Note" has the meaning specified in Section 201.

"Regulation S Legend" means a legend substantially in the form of the legend required in the form of Note set forth in Section 202 to be placed upon Regulation S Notes.

"Regulation S Notes" means all Notes required pursuant to Section 306(c) to bear a Regulation S Legend.

"Related Person" of any Person means any other Person directly or indirectly owning (a) 5% or more of the Outstanding Common Stock of such Person (or in the case of a Person that is not a corporation, 5% or more of the equity interest in such Person) or (b) 5% or more of the combined voting power of the Voting Stock of such Person.

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Notes" means all Notes required pursuant to Section 306(c) to bear a Restricted Notes Legend. Such term includes the Restricted Global Notes.

"Restricted Notes Certificate" means a certificate substantially in for form set forth in Annex B.

"Restricted Notes Legend" means a legend substantially in the form of the legend required in the form of Note set forth in Section 202 to be placed upon a Restricted Note.

"Restricted Period" means the period of 40 consecutive days beginning on the later of (i) the day on which Notes are first offered to persons other than distributors (as defined in Regulation S) in reliance on Regulation S and (ii) the Closing Date.

"Restricted Subsidiary" means any Subsidiary, whether existing on or after the date of this Indenture, unless such Subsidiary is an Unrestricted Subsidiary.

"Rule 144" means Rule 144 under the Securities Act.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Notes" means the Notes purchased by the Initial Purchasers from the Company pursuant to the Note Purchase Agreement, other than the Regulation S Notes.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc.

"Securities Act" means the Securities Act of 1933, as it may be amended and any successor act thereto.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 306(a).

"Senior Debt" means (i) the principal of (and premium, if any) and interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company whether or not such claim for post-petition interest is allowed in such proceeding) on, and penalties and any obligation of the Company for reimbursement, indemnities, fees and expenses relating to, the New Credit Facility and (ii) every reimbursement obligation of the Company with respect to letters of credit, bankers' acceptances or similar facilities issued for the account of the Company and (iii) the principal of (and premium, if any) and interest on Debt of the Company for money borrowed, whether Incurred on or prior to the date of original issuance of the Notes or thereafter, and any amendments, renewals, extensions, modifications, refinancings and refundings of any such Debt and (iv) Permitted Interest Rate, Currency or Commodity Price Agreements entered into with respect to Debt described in clauses (i), (ii) and (iii) above; provided, however, that the following shall not constitute Senior Debt: (1) any Debt as to which the terms of the instrument creating or evidencing the same provide that such Debt is not superior in right of payment to the Notes, (2) any Debt which is subordinated in right of payment in any respect to any other Debt of the Company, (3) Debt evidenced by the Notes, (4) any Debt owed to a Person when such Person is a Subsidiary of the Company, (5) any obligation of the Company arising from Redeemable Stock of the Company, (6) that portion of any Debt which is Incurred in violation of the Indenture and (7) Debt which, when Incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without

recourse to the Company. If any Senior Debt is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11, United States Code, or any applicable state fraudulent conveyance law, such Senior Debt nevertheless will constitute Senior Debt.

"Shelf Registration Statement" means a shelf registration statement under the Securities Act filed by the Company, if required by, and meeting the requirements of, the Exchange and Registration Rights Agreement, registering Original Notes for resale.

"Special Interest" has the meaning specified in the form of Notes set forth in Section 202.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by Trustee pursuant to Section 308.

"Stated Maturity", when used with respect to any Note or any installment of interest thereon, means the date specified in such Note as the fixed date on which the principal of such Note or such installment of interest is due and payable.

"Subordinated Debt" means Debt of the Company as to which the payment of principal of (and premium, if any) and interest and other payment obligations in respect of such Debt shall be subordinate to the prior payment in full of the Notes to at least the following extent: (i) no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Debt may be permitted for so long as any default in the payment of principal (or premium, if any) or interest on the Notes exists; (ii) in the event that any other default that with the passing of time or the giving of notice, or both, would constitute an event of default exists with respect to the Notes, upon notice by 25% or more in principal amount of the Notes to the Trustee, the Trustee shall have the right to give notice to the Company and the holders of such Debt (or trustees or agents therefor) of a payment blockage, and thereafter no payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Debt may be made for a period of 179 days from the date of such notice; and (iii) such Debt may not (x) provide for payments of principal of such Debt at the stated maturity thereof or by way of a sinking fund applicable thereto or by way of any

mandatory redemption, defeasance, retirement or repurchase thereof by the Company (including any redemption, retirement or repurchase which is contingent upon events or circumstances, but excluding any retirement required by virtue of acceleration of such Debt upon an event of default thereunder), in each case prior to the final Stated Maturity of the Notes or (y) permit redemption or other retirement (including pursuant to an offer to purchase made by the Company) of such other Debt at the option of the holder thereof prior to the final Stated Maturity of the Notes, other than a redemption or other retirement at the option of the holder of such Debt (including pursuant to an offer to purchase made by the Company) which is conditioned upon a change of control of the Company pursuant to provisions substantially similar to those contained in Section 1016 hereof (and which shall provide that such Debt will not be repurchased pursuant to such provisions prior to the Company's repurchase of the Notes required to be repurchased by the Company pursuant to the provisions described under Section 1016).

"Subsidiary" of any Person means (i) a corporation more than 50% of the combined voting power of the outstanding Voting Stock of which is owned, directly or indirectly, by such Person or by one or more other Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof or (ii) any other Person (other than a corporation) in which such Person, or one or more other Subsidiaries of such Person or such Person and one or more other Subsidiaries thereof, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Successor Note" of any particular Note means every Note issued after, and evidencing all or a portion of the same debt as that evidenced by, such particular Note; and, for the purpose of this definition, any Note authenticated and delivered under Section 307 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Note.

"Temporary Cash Investments" means any Investment in the following kinds of instruments: (A) readily marketable obligations issued or unconditionally guaranteed as to principal and interest by the United States of America or by any agency or authority controlled or supervised by

and acting as an instrumentality of the United States of America if, on the date of purchase or other acquisition of any such instrument by the Company or any Restricted Subsidiary of the Company, the remaining term to maturity or interest rate adjustment is not more than two years; (B) obligations (including, but not limited to, demand or time deposits, bankers' acceptances and certificates of deposit) issued or guaranteed by a depository institution or trust company incorporated under the laws of the United States of America, any state thereof or the District of Columbia, provided that (1) such instrument has a final maturity not more than one year from the date of purchase thereof by the Company or any Restricted Subsidiary of the Company and (2) such depository institution or trust company has at the time of the Company's or such Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, (x) capital, surplus and undivided profits (as of the date such institution's most recently published financial statements) in excess of $100 million and (y) the long-term unsecured debt obligations (other than such obligations rated on the basis of the credit of a Person other than such institution) of such institution, at the time of the Company's or such Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment, are rated in the highest rating category of both S&P and Moody's; (C) commercial paper issued by any corporation, if such commercial paper has, at the time of the Company's or any Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment credit ratings of at least A-1 by S&P and P-1 by Moody's; (D) money market mutual or similar funds having assets in excess of $100 million; (E) readily marketable debt obligations issued by any corporation, if at the time of the Company's or Restricted Subsidiary's Investment therein or contractual commitment providing for such Investment (1) the remaining term to maturity is not more than two years and (2) such debt obligations are rated in one of the two highest rating categories of both S&P and Moody's; (F) demand or time deposit accounts used in the ordinary course of business with commercial banks the balances in which are at all times fully insured as to principal and interest by the Federal Deposit Insurance Corporation or any successor thereto; and (G) to the extent not otherwise included herein, Cash Equivalents. In the event that either S&P or Moody's ceases to publish ratings of the type provided herein, a replacement rating agency shall be selected by the Company

with the consent of the Trustee, and in each case the rating of such replacement rating agency most nearly equivalent to the corresponding S&P or Moody's rating, as the case may be, shall be used for purposes hereof.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"2023 Debentures" means the Company's 7.75% Debentures due 2023.

"U.S. Person" means (i) any individual resident in the United States, (ii) any partnership or corporation organized or incorporated under the laws of the United States, (iii) any estate of which an executor or administrator is a U.S. Person (other than an estate governed by foreign law and of which at least one executor or administrator is a non-U.S. Person who has sole or shared investment discretion with respect to its assets), (iv) any trust of which any trustee is a U.S. Person (other than a trust of which at least one trustee is a non-U.S. Person who has sole or shared investment discretion with respect to its assets and no beneficiary of the trust (and no settlor if the Trust is revocable) is a U.S. Person), (v) any agency or branch of a foreign entity located in the United States, (vi) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person, (vii) any discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States (other than such an account held for the benefit or account of a non-U.S. Person), (viii) any partnership or corporation organized or incorporated under the laws of a foreign jurisdiction and formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities

Act (unless it is organized or incorporated, and owned, by accredited investors within the meaning of Rule 501(a) under the Securities Act who are not natural persons, estates or trusts); provided, however, that the term "U.S. Person" does not include (A) a branch or agency of a U.S. Person that is located and operating outside the United States for valid business purposes as a locally regulated branch or agency engaged in the banking or insurance business, (B) any employee benefit plan established and administered in accordance with the law, customary practices and documentation of a foreign country and (C) the international organizations set forth in Section 902(o)(7) of Regulation S under the Securities Act and any other similar international organizations, and their agencies, affiliates and pension plans.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Voting Stock" of any Person means Capital Stock of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

"Wholly Owned Restricted Subsidiary" of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person or by such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers' Certificate, if to be given by an officer of the Company, or an Opinion of

Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirement set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the

exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders; Record Date.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged

to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The Company may, in the circumstances permitted by the Trust Indenture Act, fix any day as the record date for the purpose of determining the Holders entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders. If not set by the Company prior to the first solicitation of a Holder made by any Person in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of Holders required to be provided pursuant to Section 701) prior to such first solicitation or vote, as the case may be. With regard to any record date, only the Holders on such date (or their duly designated proxies) shall be entitled to give or take, or vote on, the relevant action.

(d) The ownership of Notes shall be proved by the Security Register.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 105. Notices, Etc., to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing and mailed, first-class postage prepaid, or sent by facsimile to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or sent by facsimile to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the

Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act, that is required under such Act to be part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be. Until such time as this Indenture shall be qualified under the Trust Indenture Act, this Indenture, the Company and the Trustee shall be deemed for all purposes hereof to be subject to and governed by the Trust Indenture Act to the same extent as would be the case if this Indenture were so qualified on the date hereof.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Debt and the Holders of Notes, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the standard of performance by the Trustee of its duties hereunder shall be governed by the laws of the State of California.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Purchase Date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Notes) payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, Redemption Date or Purchase Date, or at the Stated Maturity, as the case may be, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Purchase Date or Stated Maturity, as the case may be.

ARTICLE TWO

Note Forms

SECTION 201. Forms Generally; Initial Forms of Rule 144A and Regulation S Notes.

The Notes and the Trustee's certificates of authentication shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such

letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes.

The definitive Notes to be endorsed thereon shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange on which the Notes may be listed, all as determined by the officers executing such Notes, as evidenced by their execution thereof.

Upon their original issuance, Rule 144A Notes shall be issued in the form of one or more Global Notes without interest coupons registered in the name of DTC, as Depositary, or its nominee and deposited with the Trustee, as custodian for DTC, in New York, New York, for credit by DTC to the respective accounts of beneficial owners of the Notes represented thereby (or such other accounts as they may direct). Such Global Notes, together with their Successor Notes which are Global Notes other than the Restricted Global Note are collectively herein called the "Regulation S Global Note".

Upon their original issuance, Regulation S Notes (herein called the "Regulation S Temporary Global Note") shall be issued in the form of a single temporary Global Note without coupons registered in the name of DTC, as Depositary, or its nominee and deposited with the Trustee at its Corporate Trust Office, as custodian for DTC, for credit to Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear, and Cedel to the respective accounts of beneficial owners of the Notes represented thereby (or such other accounts as they may direct) in accordance with the rules thereof.

Beneficial interests in the Regulation S Temporary Global Note may only be held through Euroclear and Cedel until such interests are exchanged for corresponding interests in an unrestricted Global Note as provided in the next sentence. A holder of a beneficial interest in the Regulation S Temporary Global Note must provide written certification to Euroclear or CEDEL, as the case may be, that the beneficial owner of the interest in such Global

Note is not a U.S. Person (an "Owner Securities Certification"), and Euroclear or CEDEL, as the case may be, must provide to the Trustee a similar certificate in the form set form in Annex C (a "Depositary Securities Certification"), prior to (i) the payment of interest with respect to such holder's beneficial interest in the Regulation S Temporary Global Note and (ii) any exchange of such beneficial interest for a beneficial interest in the Regulation S Global Note.

SECTION 202. Form of Face of Note.

[If the Note is a Restricted Note, then insert -- THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE TRANSFEROR REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO INSTITUTIONAL ACCREDITED INVESTORS IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL OTHER APPLICABLE SECURITIES LAWS.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS NOTE WILL NOT BE ACCEPTED FOR REGISTRATION OF TRANSFER UNLESS THE REGISTRAR OR TRANSFER AGENT IS SATISFIED THAT THE RESTRICTIONS ON TRANSFER SET FORTH ABOVE HAVE BEEN COMPLIED WITH, ALL AS PROVIDED IN THE INDENTURE.]

[If the Note is a Global Note, then insert -- THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE

EXCHANGED IN WHOLE OR IN PART FOR A NOTE REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.]

[If the Note is a Global Note and The Depository Trust Company is to be the Depositary therefor, then insert -- UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

[If the Note is a Regulation S Note, then insert -- THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 , AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF BENEFIT OF, ANY U.S. PERSON, UNLESS THIS NOTE IS REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE.]

[If the Note is a Regulation S Temporary Global Note, then insert -- THIS NOTE IS A REGULATION S TEMPORARY GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE REFERRED TO HEREINAFTER. INTERESTS IN THIS REGULATION S TEMPORARY GLOBAL NOTE MAY NOT BE OFFERED OR SOLD TO A U.S. PERSON PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD (AS DEFINED IN THE INDENTURE) EXCEPT IN CERTAIN LIMITED CIRCUMSTANCES IN ACCORDANCE WITH THE TERMS OF THE INDENTURE.]

PHILLIPS-VAN HEUSEN CORPORATION
9 1/2% SENIOR SUBORDINATED NOTES DUE 2008

[If Restricted Global Note - CUSIP No. _____]
[If Regulation S Temporary Global Note - CUSIP No.
[_____]]
[If Regulation S Global Note - ISIN No. [_____]]

No. _____ $_____

Phillips-Van Heusen Corporation, a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the principal sum of _____ Dollars (such amount the "principal amount" of this Note) [if the Note is a Global Note, then insert -- , or such other principal amount (which, when taken together with the principal amounts of all other Outstanding Notes, shall not exceed $150,000,000 in the aggregate at any time) as may be set forth in the records of the Trustee hereinafter referred to in accordance with the Indenture,] on May 1, 2008 and to pay interest thereon from April 22, 1998, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 1 and November 1 in each year, commencing November 1, 1998, at the rate of 9 1/2% per annum, until the principal hereof is paid or made available for payment; provided that, if any Registration Default occurs under the Exchange and Registration Rights Agreement, then the per annum interest rate on the applicable principal amount will increase for the period from and including the date of the occurrence of the Registration Default to but excluding such date as no Registration Default is in effect (at which time the interest rate will be reduced to its initial rate) at a per annum rate of 0.5% for the first 90-day period following the occurrence of such Registration Default, and by an additional 0.5% thereafter (up to a maximum of 1.0%) (such additional interest being hereafter referred to as "Special Interest"), and provided, further,] that any amount of interest on this Note which is overdue shall bear interest (to the extent that payment thereof shall be legally enforceable) at the rate per annum then borne by this Note from the date such amount is due to the day it is paid or made available for payment, and such overdue interest shall be payable on demand.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the April 15 or October 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date [if the Note is an Original Note, then insert --, provided that any

accrued and unpaid interest (including Special Interest) on this Note upon the issuance of an Exchange Note in exchange for this Note shall cease to be payable to the Holder hereof and shall be payable on the next Interest Payment Date for such Exchange Note to the Holder thereof on the related Regular Record Date]. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on the relevant Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Interest on this Note shall be computed on the basis set forth in the Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Note will be made at the office or agency of the Company in the Borough of Manhattan, The City of New York, New York, maintained for such purpose and at any other office or agency maintained by the Company for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; provided further that all payments of the principal (and premium, if any) and interest on Notes, the Holders of which have given wire transfer instructions to the Company or its agent at least 10 Business Days prior to the applicable payment date will be required to be made by wire transfer of immediately available funds to the accounts specified by such Holders in such instructions. Notwithstanding the foregoing, the final payment of principal shall be payable only upon surrender of this Note to the Trustee.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

PHILLIPS-VAN HEUSEN CORPORATION

[SEAL]

By_____

Attest:

_____

SECTION 203. Form of Reverse of Note.

This Note is one of a duly authorized issue of Notes of the Company designated as its 9 1/2% Senior Subordinated Notes due May 1, 2008 (herein called the "Notes"), limited in aggregate principal amount to $150,000,000, issued and to be issued under an Indenture, dated as of April 22, 1998 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Union Bank of California, N.A., as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

The Notes will be subject to redemption, at the option of the Company, in whole or in part, at any time on or after May 1, 2003 and prior to maturity, upon not less than 30 nor more than 60 days' notice mailed to each Holder of Notes to be redeemed at such Holder's address appearing in the Security Register, in amounts of $1,000 or an integral multiple of $1,000, at the following Redemption Prices (expressed as percentages of the principal amount) plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date), if redeemed during the 12-month period beginning May 1 of the years indicated:

Year	Redemption Price
2003	104.750%
2004	103.167%
2005	101.583%
2006 and thereafter	100.000%

In addition, if on or before May 1, 2001 the Company receives net proceeds from the sale of its Common Stock in one or more Public Equity Offerings, the Company may, at its option use an amount equal to all or a portion of any such net proceeds to redeem Notes in an aggregate principal amount of up to 33 1/3% of the original aggregate principal amount of the Notes, provided, however, that Notes having a principal amount equal to at least 66 2/3% of the original aggregate principal amount of the Notes remain outstanding after such redemption. Such redemption must occur on a Redemption Date within 90 days of such sale and upon not less than 30 nor more than 60 days' notice mailed to each Holder of Notes to be redeemed at such Holder's address appearing in the Security Register, in amounts of $1,000 or an integral multiple of $1,000, at a redemption price of 109.50% of the principal amount of the Notes plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date).

If less than all the Notes are to be redeemed, the Trustee shall select, in such manner as it shall deem fair

and appropriate, the particular Notes to be redeemed or any portion thereof that is an integral multiple of $1,000.

The Notes do not have the benefit of any sinking fund obligations.

The Indenture provides that, subject to certain conditions, if (i) certain Net Available Proceeds are available to the Company as a result of Asset Dispositions or (ii) a Change of Control occurs, the Company shall be required to make an Offer to Purchase for all or a specified portion of the Notes.

In the event of redemption or purchase pursuant to an Offer to Purchase of this Note in part only, a new Note or Notes of like tenor for the unredeemed or unpurchased portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Note having been paid or discharged or (ii) certain restrictive covenants and Events of Default with respect to this Note having occurred, in each case upon compliance with certain conditions set forth therein.

The Notes shall be subordinated in right of payment to Senior Debt of the Company as provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their

consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the Holders of not less than 25% in aggregate principal amount of the Notes at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Notes at the time Outstanding a direction inconsistent with such request and shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to certain suits described in the Indenture, including any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof or any premium (if any) or interest hereon on or after the respective due dates expressed herein (or, in the case of redemption, on or after the Redemption Date or, in the case of any purchase of this Note required to be made pursuant to an Offer to Purchase, on the Purchase Date).

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company

and the Note Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 principal amount and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes (subject to the provisions hereof with respect to determination of the Person to whom interest is payable), whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Interest on this Note shall be computed on the basis of a 360-day year of twelve 30-month days.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the standard of performance by the Trustee of its duties hereunder shall be governed by the laws of the State of California.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased in its entirety by the Company pursuant to Section 1014 or 1016 of the Indenture, check the box:

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If you want to elect to have only a part of this Note purchased by the Company pursuant to Section 1014 or 1016 of the Indenture, state the principal amount of this Note you want to elect to have so purchased by the Company: $_____

Dated:_____ Your Signature:_____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:_____
Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SECTION 204. Form of Trustee's Certificate of Authentication.

This is one of the Notes referred to in the within-mentioned Indenture.

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as Trustee

By

Authorized Officer

ARTICLE THREE

The Notes

SECTION 301. Title and Terms.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to $150,000,000 except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 906 or 1108 or in connection with an Offer to Purchase pursuant to Sections 1014 and 1016.

The Notes shall be known and designated as the "9 1/2% Senior Subordinated Notes due May 1, 2008" of the Company. Their Stated Maturity shall be May 1, 2008 and they shall bear interest at the rate of 9 1/2% per annum, from April 22, 1998 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, payable semi-annually on May 1 and November 1, commencing November 1, 1998, until the principal thereof is paid or made available for payment provided, if any Registration Default occurs under the Exchange and Registration Rights Agreement, then the per annum interest rate on the applicable principal amount will increase for the period from and including the date of occurrence of the Registration Default to but excluding such date as no Registration Default is in effect (at which time the interest rate will be reduced to its initial rate) by a per annum rate of 0.5% for the first 90-day period following the occurrence of such Registration Default, and by an additional 0.5% thereafter (up to a maximum of 1.0%).

The principal of (and premium, if any) and interest on the Notes shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York maintained for such purpose and at any other office or agency maintained by the Company for such purpose; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

The Notes shall be subject to repurchase by the Company pursuant to an Offer to Purchase as provided in Sections 1014 and 1016.

The Notes shall be redeemable as provided in Article Eleven.

The Notes shall be subordinated in right of payment to Senior Debt of the Company as provided in Article Twelve.

The Notes shall be subject to defeasance at the option of the Company as provided in Article Thirteen.

Unless the context otherwise requires, the Original Notes and the Exchange Notes shall constitute one series for all purposes under the Indenture, including with respect to any amendment, waiver, acceleration or other Act of Holders, redemption or Offer to Purchase.

SECTION 302. Denominations.

The Notes shall be issuable only in registered form without coupons and only in denominations of $1000 and integral multiples thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Notes shall be executed on behalf of the Company by its Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes; and the Trustee

in accordance with such Company Order shall authenticate and deliver such Notes as in this Indenture provided and not otherwise.

At any time and from time to time after the execution and delivery of this Indenture and after the effectiveness of a registration statement under the Securities Act with respect thereto, the Company may deliver Exchange Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Exchange Notes and a like principal amount of Original Notes for cancellation in accordance with this Article Three of this Indenture, and the Trustee in accordance with the Company Order shall authenticate and deliver such Notes. Prior to authenticating such Exchange Notes, and accepting any additional responsibilities under this Indenture in relation to such Notes, the Trustee shall be entitled to receive, if requested, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating in substance:

(a) that all conditions hereunder precedent to the authentication and delivery of such Exchange Notes have been complied with and that such Exchange Notes, when such Notes have been duly authenticated and delivered by the Trustee (and subject to any other conditions specified in such Opinion of Counsel), have been duly issued and delivered and will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and

(b) that the issuance of the Exchange Notes in exchange for Original Notes has been effected in compliance with the Securities Act.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein

executed by the Trustee by manual signature, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

SECTION 304. Temporary Notes.

Pending the preparation of definitive Notes, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Notes, which Notes are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as evidenced by their execution thereof.

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes, upon surrender of the temporary Notes at any office or agency of the Company designated pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

SECTION 305. Global Notes.

(a) Each Global Note authenticated under this Indenture shall be registered in the name of the Depositary designated by the Company for such Global Note or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefor, and each such Global Note shall constitute a single Note for all purposes of this Indenture.

(b) Notwithstanding any other provision in this Indenture, no Global Note may be exchanged in whole or in part for Notes registered, and no transfer of a Global Note in whole or in part may be registered, in the name of any Person other than the Depositary for such Global Note or a

nominee thereof unless (i) such Depositary (A) has notified the Company that it is unwilling or unable to continue as Depositary for such Global Note or (B) has ceased to be a clearing agency registered as such under the Exchange Act, and in either case the Company fails to appoint a successor Depositary within 90 days, (ii) the Company executes and delivers to the Trustee a Company Order stating that it elects to cause the issuance of the Notes in certificated form and that all Global Notes shall be exchanged in whole for Securities that are not Global Notes (in which case such exchange shall be effected by the Trustee) or (iii) there shall have occurred and be continuing an Event of Default or any Event which after notice or lapse of time or both would be an Event of Default with respect to the Notes.

(c) If any Global Note is to be exchanged for other Notes or canceled in whole, it shall be surrendered by or on behalf of the Depositary or its nominee to the Trustee, as Security Registrar, for exchange or cancellation as provided in this Article Three. If any Global Note is to be exchanged for other Notes or canceled in part, or if another Note is to be exchanged in whole or in part for a beneficial interest in any Global Note, then either (i) such Global Note shall be so surrendered for exchange or cancellation as provided in this Article Three or (ii) the principal amount thereof shall be reduced or increased by an amount equal to the portion thereof to be so exchanged or canceled, or equal to the principal amount of such other Note to be so exchanged for a beneficial interest therein, as the case may be, by means of an appropriate adjustment made on the records of the Trustee, as Security Registrar, whereupon the Trustee, in accordance with the Applicable Procedures, shall instruct the Depositary or its authorized representative to make a corresponding adjustment to its records. Upon any such surrender or adjustment of a Global Note, the Trustee shall, subject to Section 306(c) and as otherwise provided in this Article Three, authenticate and deliver any Notes issuable in exchange for such Global Note (or any portion thereof) to or upon the order of, and registered in such names as may be directed by, the Depositary or its authorized representative. Upon the request of the Trustee in connection with the occurrence of any of the events specified in the preceding paragraph, the Company shall promptly make available to the Trustee a reasonable supply of Notes that are not in the form of Global Notes. The Trustee shall be entitled to rely upon any order, direction or request of the Depositary or its

authorized representative which is given or made pursuant to this Article Three if such order, direction or request is given or made in accordance with the Applicable Procedures.

(d) Every Note authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Note or any portion thereof, whether pursuant to this Article Three or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Note, unless such Note is registered in the name of a Person other than the Depositary for such Global Note or a nominee thereof.

(e) The Depositary or its nominee, as registered owner of a Global Note, shall be the Holder of such Global Note for all purposes under the Indenture and the Notes, and owners of beneficial interests in a Global Note shall hold such interests pursuant to the Applicable Procedures. Accordingly, any such owner's beneficial interest in a Global Note will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its nominee or its Agent Members.

SECTION 306. Registration, Registration of Transfer and Exchange Generally; Restrictions on Transfer and Exchange; Securities Act Legends.

(a) Registration, Registration of Transfer and Exchange Generally. The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company designated pursuant to Section 1002 being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers and exchanges of Notes. The Trustee is hereby appointed "Security Registrar" for the purpose of registering Notes and transfers and exchanges of Notes as herein provided. Such Security Register shall distinguish between Original Notes and Exchange Notes.

Upon surrender for registration of transfer of any Note at an office or agency of the Company designated pursuant to Section 1002 for such purpose, and provided that the other requirements of this Section 306 have been satisfied, the Company shall execute, and the Trustee shall

authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations, of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

At the option of the Holder, and subject to the other provisions of this Section 306, Notes may be exchanged for other Notes of any authorized denominations, of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture upon surrender of the Notes to be exchanged at any such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Holder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and (except for the differences between Original Notes and Exchange Notes provided for herein) entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Sections 303, 304, 305, 306, 906, 1016, 1017 or 1109 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of, or exchange any Note during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Notes selected for redemption under Section 1105 and ending at the close of business on the day of such mailing, or (ii) to

register the transfer of or exchange any Note so selected for redemption, in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(b) Certain Transfers and Exchanges. Notwithstanding any other provision of this Indenture or the Notes, transfers and exchanges of Notes and beneficial interests in a Global Note of the kinds specified in this Section 306(b) shall be made only in accordance with this Section 306(b).

(i) Restricted Global Note to Regulation S Temporary Global Note or Regulation S Global Note. If the owner of a beneficial interest in the Restricted Global Note wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a beneficial interest in the Regulation S Temporary Global Note (if before the expiration of the Restricted Period) or in the Regulation S Global Note (if thereafter), such transfer may be effected only in accordance with the provisions of this Clause (b)(i) subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (A) an order given by the Depositary or its authorized representative directing that a beneficial interest in the Regulation S Temporary Global Note or Regulation S Temporary Global Note or Regulation S Global Note (as applicable) in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Restricted Global Note in an equal principal amount be debited from another specified Agent Member's account and (B) a Regulation S Certificate, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Restricted Global Note or his attorney duly authorized in writing, then the Trustee, as Security Registrar but subject to Clause (b)(iv) below, shall reduce the principal amount of the Restricted Global Note and increase the principal amount of the Regulation S Temporary Global Note or Regulation S Global Note (as applicable) by such specified principal amount as provided in Section 305(c).

(ii) Regulation S Temporary Global Note to Restricted Global Note. If the owner of a beneficial interest in the Regulation S Temporary Global Note wishes at any time to transfer such interest to a Person who wishes to acquire the same in the form of a

beneficial interest in the Restricted Global Note, such transfer may be effected only in accordance with this Clause (b)(ii) and subject to the Applicable Procedures. Upon receipt by the Trustee, as Security Registrar, of (A) an order given by the Depositary or its authorized representative directing that a beneficial interest in the Restricted Global Note in a specified principal amount be credited to a specified Agent Member's account and that a beneficial interest in the Regulation S Temporary Global Note in an equal principal amount be debited from another specified Agent Member's account and (B) a Restricted Notes Certificate, satisfactory to the Trustee and duly executed by the owner of such beneficial interest in the Regulation S Temporary Global Note or his attorney duly authorized in writing, then the Trustee, as Security Registrar, shall reduce the principal amount of the Regulation S Temporary Global Note and increase the principal amount of the Restricted Global Note by such specified principal amount as provided in Section 305(c).

(iii) Exchanges between Global Note and Non-Global Note. A beneficial interest in a Global Note may be exchanged for a Note that is not a Global Note as provided in Section 305, provided that, if such interest is a beneficial interest in the Restricted Global Note, or if such interest is a beneficial interest in the Regulation S Temporary Global Note, then such interest shall be exchanged for a Restricted Note (subject in each case to Section 306(c)).

(iv) Regulation S Temporary Global Note to be Held Through Euroclear or Cedel during Restricted Period. The Company shall use its best efforts to cause the Depositary to ensure that beneficial interests in the Regulation S Temporary Global Note may be held only in or through accounts maintained at the Depositary by Euroclear or Cedel (or by Agent Members acting for the account thereof), and no person shall be entitled to effect any transfer or exchange that would result in any such interest being held otherwise than in or through such an account; provided that this Clause (b)(iv) shall not prohibit any transfer or exchange of such an interest in accordance with Clause (b)(ii) above.

(c) Securities Act Legends. Rule 144A Notes and their respective Successor Notes shall bear a Restricted Notes Legend, and Regulation S Notes and their Successor Notes shall bear a Regulation S Legend, subject to the following:

(i) subject to the following Clauses of this Section 306(c), a Note or any portion thereof which is exchanged, upon transfer or otherwise, for a Global Note or any portion thereof shall bear the Securities Act Legend borne by such Global Note while represented thereby;

(ii) subject to the following Clauses of this Section 306(c), a new Note which is not a Global Note and is issued in exchange for another Note (including a Global Note) or any portion thereof, upon transfer or otherwise, shall bear the Securities Act Legend borne by such other Note, provided that, if such new Note is required pursuant to Section 306(b)(iii) to be issued in the form of a Restricted Note, it shall bear a Restricted Notes Legend and, if such new Note is so required to be issued in the form of a Regulation S Note, it shall bear a Regulation S Legend;

(iii) Exchange Notes shall not bear a Securities Act Legend;

(iv) at any time after the Notes may be freely transferred without registration under the Securities Act or without being subject to transfer restrictions pursuant to the Securities Act, a new Note which does not bear a Securities Act Legend may be issued in exchange for or in lieu of a Note (other than a Global Note) or any portion thereof which bears such a legend if the Trustee has received an Unrestricted Notes Certificate, satisfactory to the Trustee and duly executed by the Holder of such legended Note or his attorney duly authorized in writing, and after such date and receipt of such certificate, the Trustee shall authenticate and deliver such a new Note in exchange for or in lieu of such other Note as provided in this Article Three;

(v) a new Note which does not bear a Securities Act Legend may be issued in exchange for or in lieu of a Note (other than a Global Note) or any portion thereof which bears such a legend if, in the Company's judgment, placing such a legend upon such new Note is not necessary to ensure compliance with the registration requirements of the Securities Act, and the Trustee, at the direction of the Company, shall authenticate and deliver such a new Note as provided in this Article Three; and

(vi) notwithstanding the foregoing provisions of this Section 306(c), a Successor Note of a Note that does not bear a particular form of Securities Act Legend shall not bear such form of legend unless the Company has reasonable cause to believe that such Successor Note is a "restricted security" within the meaning of Rule 144, in which case the Trustee, at the direction of the Company, shall authenticate and deliver a new Note bearing a Restricted Notes Legend in exchange for such Successor Note as provided in this Article Three.

SECTION 307. Mutilated, Destroyed, Lost and Stolen Notes.

If any mutilated Note is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by either of them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Note issued pursuant to this Section in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 308. Payment of Interest; Interest Rights Preserved.

Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by

such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 309. Persons Deemed Owners.

Prior to due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 308) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee or any agent of the Company or the Trustee shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Note in global form, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Notwithstanding the foregoing, with respect to any Note in global form, nothing herein shall prevent the Company or the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depositary (or its nominee), as a Holder, with respect to such Note in global form or impair, as between such Depositary and owners of beneficial interests in such Note in global form, the operation of customary practices governing the exercise of the rights of such Depositary (or its nominee) as Holder of such Note in global form.

SECTION 310. Cancellation.

All Notes surrendered for payment, redemption, registration of transfer or exchange or any Offer to Purchase pursuant to Section 1014 or 1016 shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Notes held by the Trustee shall be disposed of as directed by a Company Order.

SECTION 311. Computation of Interest.

Interest on the Notes shall be computed on the basis of a 360 day year of twelve 30-day months.

ARTICLE FOUR

Satisfaction and Discharge

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange and the Company's right of optional redemption, (ii) substitution of apparently mutilated, defaced, destroyed, lost or stolen Notes, (iii) rights of Holders to receive payment of principal and interest on the Notes, (iv) rights, obligations and immunities of the Trustee under the Indenture, (v) rights of the Holders of the Notes as beneficiaries of the Indenture with respect to any property deposited with the Trustee payable to all or any of them and (vi) obligations of the Company under Section 610(e)), and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Notes theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 307 and (ii) Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Notes not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture pursuant to this Article Four, the obligations of the Company to the Trustee under Section 607 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust uninvested and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee but such money need not be separated from other funds except to the extent required by law.

ARTICLE FIVE

Remedies

SECTION 501. Events of Default.

"Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article Twelve or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order,

rule or regulation of any administrative or governmental body):

(1) failure to pay the principal of (or premium, if any, on) any Note at its Maturity; or

(2) failure to pay any interest upon any Note when it becomes due and payable, and continuance of such default for a period of 30 days; or

(3) default in the payment of principal and interest on Notes required to be purchased by the Company pursuant to an Offer to Purchase as described in Section 1014 herein and Section 1016 herein when due and payable; or

(4) failure to perform or comply with the provisions of Section 801; or

(5) failure to perform any other covenant or agreement of the Company in this Indenture or Notes (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(6) default under the terms of any instrument evidencing or securing Debt for money borrowed by the Company or any Restricted Subsidiary having an outstanding principal amount of $5.0 million individually or in the aggregate which default results in the

acceleration of the payment of such indebtedness or constitutes the failure to pay such indebtedness when due; or

(7) a final judgment or judgments (not subject to appeal) for the payment of money are entered against the Company or any Restricted Subsidiary of the Company in an amount in excess of $5.0 million by a court or courts of competent jurisdiction, which judgments remain undischarged or unstayed for a period of 60 days after the date on which the right to appeal all such judgments has expired; or

(8) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or any Restricted Subsidiary of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or any such Restricted Subsidiary a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any such Restricted Subsidiary under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any such Restricted Subsidiary of any substantial part of the property of the Company or any such Restricted Subsidiary, or ordering the winding up or liquidation of the affairs of the Company or any such Subsidiary, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(9) the commencement by the Company or any Restricted Subsidiary of the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any such Restricted Subsidiary to the entry of a decree or order for relief in respect of the Company or any Restricted Subsidiary of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Restricted Subsidiary of the Company, or the filing by the Company or any such Restricted Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company or any such Restricted Subsidiary to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary of the Company of any substantial part of the property of the Company or any Restricted Subsidiary of the Company, or the making by the Company or any Restricted Subsidiary of the Company of an assignment for the benefit of creditors, or the admission by the Company or any such Restricted Subsidiary in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or any such Restricted Subsidiary in furtherance of any such action.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 501(8) or (9)) occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes may declare all of the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal and any accrued interest, if any, shall become immediately due and payable. If an Event of Default specified in Section 501(8) or (9) occurs, the principal and any accrued interest on the Notes then Outstanding shall ipso facto become immediately due and payable without any declaration or other Act on the part of the Trustee or any Holder.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of the Outstanding Notes, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Notes,

(B) the principal of (and premium, if any, on) any Notes which have become due otherwise than by such declaration of acceleration (including any Notes required to have been purchased on the Purchase Date pursuant to an Offer to Purchase made by the Company) and, to the extent that payment of such interest is lawful, interest thereon at the rate provided by the Notes,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate provided by the Notes, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default, other than the non-payment of the principal of Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Note when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Note at the Maturity thereof or, with respect to any Note required to have been purchased pursuant to an Offer to Purchase made by the Company, at the Purchase Date thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal (and premium, if any) and interest, and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate provided by the Notes,

if any, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company or any other obligor upon the Notes, or upon the property of the Company or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and

counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Notes.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607; and

SECOND: To the extent provided in Article Twelve, to the holders of Senior Debt in accordance with Article Twelve; and

THIRD: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal (and premium, if any) and interest, respectively.

SECTION 507. Limitation on Suits.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(2) the Holders of not less than 25% in aggregate principal amount of the Outstanding Notes shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Notes;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 306) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption, on the Redemption Date or in the case of an Offer to Purchase made by the Company and required to be accepted as to such Note, on the Purchase Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last paragraph of Section 307, no right

or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of a majority in aggregate principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in aggregate principal amount of the Outstanding Notes may on behalf of the Holders of all the Notes waive any past default hereunder and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest on any Note (including any Note which is required to have been purchased pursuant to an Offer to Purchase which has been made by the Company), or

(2) in respect of a covenant or provision hereof which under Article Ten cannot be modified or amended without the consent of the Holder of each Outstanding Note affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided, that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

The Trustee

SECTION 601. Certain Duties and Responsibilities.

Except during the continuance of an Event of Default, the duties and responsibilities of the Trustee shall be as provided by the Indenture. During the existence of an Event of Default, the Trustee will exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

The Trustee shall give the Holders notice of any default hereunder as and to the extent provided by the Trust Indenture Act; provided, however, that in the case of any default of the character specified in Section 501(4), no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon

any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may

make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be deemed to have notice of a "default" as defined in Section 602, or an Event of Default as defined in Section 501 hereof, unless and until it has actual knowledge thereof at its Corporate Trust Office.

SECTION 604. Not Responsible for Recitals or Issuance of Notes.

The recitals contained herein and in the Notes, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of Notes or the proceeds thereof.

SECTION 605. May Hold Notes.

The Trustee, any Paying Agent, any Note Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Note Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time such compensation as shall be agreed to in writing by the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense (other than taxes based on the income of the Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

SECTION 608. Disqualification; Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such conflict or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000 and its Corporate Trust Office in the Borough of Manhattan, The City of New York. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 611.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in aggregate principal amount

of the Outstanding Notes, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 514, any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Note for at least six months may, on

behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders in the manner provided in Section 106. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor

of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes.

SECTION 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Notes), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

ARTICLE SEVEN

Holders' Lists and Reports by Trustee and Company

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) semi-annually, not more than 15 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Note Registrar.

SECTION 702. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the Trustee in its capacity as Note Registrar. The Trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Notes and the corresponding rights and duties of the Trustee, shall be provided by the Trust Indenture Act.

(c) Every Holder of Notes, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to the names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee.

(a) The Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which the Notes are listed, with the Commission and with the Company. The Company will notify the Trustee when the Notes are listed on any stock exchange.

SECTION 704. Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, docu-

ments and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 30 days after the same is so required to be filed with the Commission.

SECTION 705. Officers' Certificate with Respect to Change in Interest Rates.

Within five days after the day on which any Special Interest begins accruing, and within five days after any Special Interest ceases to accrue, the Company shall deliver an Officers' Certificate to the Trustee stating the interest rate thereupon in effect for the applicable Notes (if any are Outstanding) and the date on which such rate became effective.

ARTICLE EIGHT

Consolidation, Merger, Conveyance, Transfer or Lease

SECTION 801. Mergers, Consolidations and Certain Transfers, Leases and Acquisition of Assets.

The Company shall not, in a single transaction or a series of related transactions, (i) consolidate with or merge into any other Person or permit any other Person to consolidate with or merge into the Company or (ii) directly or indirectly, transfer, sell, lease or otherwise dispose of all or substantially all of its assets unless: (1) in a transaction in which the Company does not survive or in which the Company sells, leases or otherwise disposes of all or substantially all of its assets, the successor entity to the Company is organized under the laws of the United States of America or any State thereof or the District of Columbia and shall expressly assume, by a supplemental indenture executed and delivered to the Trustee in form satisfactory to the Trustee, all of the Company's obligations under the Indenture; (2) immediately before and after giving effect to

such transaction and treating any Debt which becomes an obligation of the Company or a Restricted Subsidiary as a result of such transaction as having been Incurred by the Company or such Restricted Subsidiary at the time of the transaction, no Event of Default or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing; (3) immediately after giving effect to such transaction, the Consolidated Net Worth of the Company (or other successor entity to the Company) is equal to or greater than that of the Company immediately prior to the transaction; (4) immediately after giving effect to such transaction and treating any Debt which becomes an obligation of the Company or a Restricted Subsidiary as a result of such transaction as having been Incurred by the Company or such Restricted Subsidiary at the time of the transaction, the Company (including any successor entity to the Company) could Incur at least $1.00 of additional Debt pursuant to the provisions of the Indenture described in the first paragraph under Section 1008 hereof; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may rely, as to factual matters, on such Officer's Certificate), each stating that such consolidation, merger, conveyance, transfer, lease or acquisition and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture, complies with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with, and, with respect to such Officer's Certificate, setting forth the manner of determination of the Consolidated Net Worth and the ability to Incur Debt in accordance with Clause (4) of Section 801, of the Company or, if applicable, of the Successor Company as required pursuant to the foregoing.

SECTION 802. Successor Substituted.

Upon any consolidation of the Company with, or merger of the Company into, any other Person or any transfer, conveyance, sale, lease or other disposition of all or substantially all of the properties and assets of the Company as an entirety in accordance with Section 801, the Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor

Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Notes.

ARTICLE NINE

Supplemental Indentures

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution of the Company, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Notes; or

(2) to add to the covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company; or

(3) to secure the Notes pursuant to the requirements of Section 1011 or otherwise; or

(4) to comply with any requirements of the Commission in order to effect and maintain the qualification of this Indenture under the Trust Indenture Act; or

(5) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provi sions of this Indenture, provided such action pursuant to this Clause (5) shall not adversely

affect the interests of the Holders in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution of the Company, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby,

(1) change the Stated Maturity of the principal of, or any instalment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or any premium payable thereon, or change the place of payment where, or the coin or currency in which, any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date or, in the case of an Offer to Purchase which has been made, on or after the applicable Purchase Date), or

(2) reduce the percentage in principal amount of the Outstanding Notes, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1020, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot

be modified or waived without the consent of the Holder of each Outstanding Note affected thereby, or

(4) modify any of the provisions of this Indenture relating to the subordination of the Notes in a manner adverse to the Holders, or

(5) following the mailing of an Offer with respect to an Offer to Purchase pursuant to Sections 1014 and 1016, modify the provisions of this Indenture with respect to such Offer to Purchase in a manner materially adverse to such Holder.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

Upon the request of the Company, accotmpanied by a Board Resolution authorizing the execution of any supplemental indenture, the Trustee shall join the Company in the execution of any supplemental indenture authorized or permitted by this Indenture and shall make any further appropriate agreements and stipulations as may be contained therein. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall

form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 906. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

ARTICLE TEN

Covenants

SECTION 1001. Payment of Principal, Premium and Interest.

The Company will duly and punctually pay the principal of (and premium, if any) and interest on the Notes in accordance with the terms of the Notes and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the

Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, The City of New York) where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Note Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, it will, prior to each due date of the principal of (and premium, if any) or interest on any Notes, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Notes) in the making of any payment of principal (and premium, if any) or interest; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Note and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying

Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors in good faith shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. Maintenance of Properties.

The Company will cause all properties used or useful in the conduct of its business or the business of any Subsidiary of the Company to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any of such properties if such discontinuance is, as determined by the Board of Directors in good faith, desirable in the conduct of its business or the business of any Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION 1006. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any of its Subsidiaries or upon the income, profits or property of the Company or any of its Subsidiaries, and (2) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of the Company or any of its Subsidiaries; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 1007. Maintenance of Insurance.

The Company shall, and shall cause its Subsidiaries to, keep at all times all of their properties which are of an insurable nature insured against loss or damage with insurers believed by the Company to be responsible to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in accordance with good business practice. The Company shall, and shall cause its Subsidiaries to, use an amount equal to not less than the proceeds from any such insurance policy to repair, replace or otherwise restore the property to which such proceeds relate.

SECTION 1008. Limitation on Consolidated Debt.

The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, Incur any Debt unless immediately after giving pro forma effect to the Incurrence of such Debt and the receipt and application of the proceeds thereof, the Consolidated Cash Flow Coverage Ratio of the Company would be greater than 2.0 to 1 for any Incurrence of Debt prior to May 1, 2001, and 2.5 to 1 for any Incurrence of Debt thereafter.

Notwithstanding the foregoing paragraph, the Company may, and may permit any Restricted Subsidiary, to Incur the following Debt:

(i) Debt under the New Credit Facility in an aggregate principal amount at any one time not to exceed $325.0 million, less any amounts by which any revolving credit facility commitments under the New Credit Facility are permanently reduced pursuant to Section 1014 (so long as and to the extent that any required payments in connection therewith are actually made);

(ii) the original issuance by the Company of the Debt evidenced by the Notes (including any Exchange Notes);

(iii) Debt (other than Debt described in another clause of this paragraph) outstanding on the date of original issuance of the Notes after giving effect to the application of the proceeds of the Notes, as described in Schedule I hereto;

(iv) Debt owed by the Company to any Wholly Owned Restricted Subsidiary of the Company or Debt owed by a Restricted Subsidiary of the Company to the Company or a Wholly Owned Restricted Subsidiary of the Company; provided, however, that upon either (A) the transfer or other disposition by such Wholly Owned Restricted Subsidiary or the Company of any Debt so permitted to a Person other than the Company or another Wholly Owned Restricted Subsidiary of the Company or (B) the issuance (other than directors' qualifying shares), sale, lease, transfer or other disposition of shares of Capital Stock (including by consolidation or merger) of such Wholly Owned Restricted Subsidiary to a Person other than the Company or another such Wholly Owned Restricted Subsidiary, the provisions of this Clause (iv) shall no longer be applicable to such Debt and such Debt shall be deemed to have been Incurred at the time of such transfer or other disposition;

(v) Debt consisting of Permitted Interest Rate, Currency or Commodity Price Agreements;

(vi) Debt which is exchanged for or the proceeds of which are used to refinance or refund, or any extension or renewal of, outstanding Debt Incurred pursuant to the preceding paragraph or

clauses (ii) or (iii) of this paragraph (each of the foregoing, a "refinancing") in an aggregate principal amount not to exceed the principal amount of the Debt so refinanced plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Debt so refinanced or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated repurchase, plus the expenses of the Company or the Restricted Subsidiary, as the case may be, incurred in connection with such refinancing; provided, however, that (A) Debt the proceeds of which are used to refinance the Notes or Debt which is pari passu with or subordinate in right of payment to the Notes shall only be permitted if (x) in the case of any refinancing of the Notes or Debt which is pari passu to the Notes, the refinancing Debt is made pari passu to the Notes or subordinated to the Notes, and (y) in the case of any refinancing of Debt which is subordinated to the Notes, the refinancing Debt constitutes Subordinated Debt; (B) the refinancing Debt by its terms, or by the terms of any agreement or instrument pursuant to which such Debt is issued, (1) does not provide for payments of principal of such Debt at the stated maturity thereof or by way of a sinking fund applicable thereto or by way of any mandatory redemption, defeasance, retirement or repurchase thereof (including any redemption, defeasance, retirement or repurchase which is contingent upon events or circumstances, but excluding any retirement required by virtue of acceleration of such Debt upon any event of default thereunder), in each case prior to the stated maturity of the Debt being refinanced and (2) does not permit redemption or other retirement (including pursuant to an offer to purchase) of such debt at the option of the holder thereof prior to the final stated maturity of the Debt being refinanced), other than a redemption or other retirement at the option of the holder of such Debt (including pursuant to an offer to purchase) which is conditioned upon provisions substantially similar to those described under Sections 1014 and 1016; and (C) in the case of any refinancing of Debt

Incurred by the Company, the refinancing Debt may be Incurred only by the Company, and in the case of any refinancing of Debt Incurred by a Restricted Subsidiary, the refinancing Debt may be Incurred only by such Restricted Subsidiary; provided, further, that Debt Incurred pursuant to this clause (vi) may not be Incurred more than 45 days prior to the application of the proceeds to repay the Debt to be refinanced; and

(vii) Debt not otherwise permitted to be Incurred pursuant to Clauses (i) through (vi) above, which, together with any other outstanding Debt Incurred pursuant to this Clause (vii), has an aggregate principal amount not in excess of $50.0 million at any time outstanding.

SECTION 1009. Limitation on Senior Subordinated Debt.

The Company shall not Incur any Debt which by its terms is both (i) subordinated in right of payment to any Senior Debt and (ii) senior in right of payment to the Notes.

SECTION 1010. Limitation on Issuance of Guarantees of Subordinated Debt.

The Company shall not permit any Restricted Subsidiary, directly or indirectly, to assume, guarantee or in any other manner become liable with respect to any Debt of the Company that by its terms is pari passu or junior in right of payment to the Notes.

SECTION 1011. Limitation on Liens.

The Company shall not, and shall not permit any Subsidiary to, create, incur, assume or suffer to exist any Lien on or with respect to any property or assets of the Company or any such Restricted Subsidiary now owned or hereafter acquired to secure Debt which is pari passu with or subordinated in right of payment to the Notes without making, or causing such Restricted Subsidiary to make, effective provision for securing the Notes (and, if the Company shall so determine, any other Debt of the Company

which is not subordinate to the Notes or of such Restricted Subsidiary) (x) equally and ratably with such Debt as to such property or assets for so long as such Debt shall be so secured or (y) in the event such Debt is Debt of the Company which is subordinate in right of payment to the Notes, prior to such Debt as to such property for so long as such Debt will be so secured. The foregoing restrictions shall not apply to Liens in respect of Debt existing at the date of this Indenture or to: (i) Liens securing only the Notes; (ii) Liens in favor of the Company or a Wholly Owned Restricted Subsidiary; or (iii) Liens to secure Debt incurred to extend, renew, refinance or refund (or successive extensions, renewals, refinancings or refundings), in whole or in part, any Debt secured by Liens referred to in the foregoing clause (i) so long as such Lien does not extend to any other property and the principal amount of Debt so secured is not increased except as otherwise permitted under Clause (vi) of Section 1008.

SECTION 1012. Limitation on Restricted Payments.

The Company (i) shall not, directly or indirectly, declare or pay any dividend or make any distribution (including any payment in connection with any merger or consolidation derived from assets of the Company or any Restricted Subsidiary) in respect of its Capital Stock or to the holders thereof, excluding any dividends or distributions by the Company payable solely in shares of its Capital Stock (other than Redeemable Stock) or in options, warrants or other rights to acquire its Capital Stock (other than Redeemable Stock), (ii) shall not, and shall not permit any Restricted Subsidiary to, purchase, redeem, or otherwise acquire or retire for value (a) any Capital Stock of the Company or any Related Person of the Company or (b) any options, warrants or other rights to acquire shares of Capital Stock of the Company or any Related Person of the Company or any securities convertible or exchangeable into shares of Capital Stock of the Company or any Related Person of the Company, (iii) shall not make, or permit any Restricted Subsidiary to make, any Investment other than a Permitted Investment, and (iv) shall not, and shall not permit any Restricted Subsidiary to, redeem, repurchase, defease or otherwise acquire or retire for value prior to any scheduled maturity, repayment or sinking fund payment Debt of the Company which is subordinate in right of payment to the Notes (each of clauses (i) through (iv) being a

"Restricted Payment") if: (1) an Event of Default, or an event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, shall have occurred and is continuing or would result from such Restricted Payment, or (2) after giving pro forma effect to such Restricted Payment as if such Restricted Payment had been made at the beginning of the applicable four-fiscal-quarter period, the Company could not Incur at least $1.00 of additional Debt pursuant to the terms of the Indenture described in the first paragraph of Section 1008 hereof; provided that in connection with regular quarterly dividends on the Company's Common Stock (not to exceed $7.5 million in the aggregate) declared or payable prior to January 31, 1999, the Company's pro forma capacity to Incur additional Debt shall be computed on a basis that excludes the non-recurring charges recorded during the Company's 1997 fiscal year, or (3) upon giving effect to such Restricted Payment, the aggregate of all Restricted Payments from the date of issuance of the Notes exceeds the sum of: (a) 50% of cumulative Consolidated Net Income (or, in the case Consolidated Net Income shall be negative, less 100% of such deficit) of the Company since the date of issuance of the Notes through the last day of the last full fiscal quarter ending immediately preceding the date of such Restricted Payment for which quarterly or annual financial statements are available (taken as a single accounting period); plus (b) 100% of the aggregate net proceeds received by the Company after the date of original issuance of the Notes, including the fair market value of property other than cash (determined in good faith by the Board of Directors as evidenced by a resolution of the Board of Directors filed with the Trustee), from the issuance and sale (other than to a Restricted Subsidiary) of Capital Stock (other than Redeemable Stock) of the Company, options, warrants or other rights to acquire Capital Stock (other than Redeemable Stock) of the Company and Debt of the Company that has been converted into or exchanged for Capital Stock (other than Redeemable Stock and other than by or from a Restricted Subsidiary) of the Company after the date of original issuance of the Notes, provided that any such net proceeds received by the Company from an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company shall be included only to the extent such loans have been repaid with cash on or prior to the date of determination; plus (c) $40.0 million. Prior to the making of any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate setting

forth the computations by which the determinations required by clauses (2) and (3) above were made and stating that no Event of Default, or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, has occurred and is continuing or will result from such Restricted Payment.

Notwithstanding the foregoing, so long as no Event of Default, or event that with the passing of time or the giving of notice, or both, would constitute an Event of Default, shall have occurred and is continuing or would result therefrom, (i) the Company may pay any dividend on Capital Stock of any class within 60 days after the declaration thereof if, on the date when the dividend was declared, the Company could have paid such dividend in accordance with the foregoing provisions; (ii) the Company may refinance any Debt otherwise permitted by clause (vi) of the second paragraph under Section 1008 above or solely in exchange for or out of the net proceeds of the substantially concurrent sale (other than from or to a Restricted Subsidiary or from or to an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company) of shares of Capital Stock (other than Redeemable Stock) of the Company, provided that the amount of net proceeds from such exchange or sale shall be excluded from the calculation of the amount available for Restricted Payments pursuant to the preceding paragraph; (iii) the Company may purchase, redeem, acquire or retire any shares of Capital Stock of the Company solely in exchange for or out of the net proceeds of the substantially concurrent sale (other than from or to a Restricted Subsidiary or from or to an employee stock ownership plan financed by loans from the Company or a Restricted Subsidiary of the Company) of shares of Capital Stock (other than Redeemable Stock) of the Company; and (iv) the Company or a Restricted Subsidiary may purchase or redeem any Debt from Net Available Proceeds to the extent permitted under Section 1014. Any payment made pursuant to clause (i) or (iii) of this paragraph shall be a Restricted Payment for purposes of calculating aggregate Restricted Payments pursuant to the preceding paragraph.

SECTION 1013. Limitations on Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or

otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary of the Company (i) to pay dividends (in cash or otherwise) or make any other distributions in respect of its Capital Stock or pay any Debt or other obligation owed to the Company or any other Restricted Subsidiary; (ii) to make loans or advances to the Company or any other Restricted Subsidiary; or (iii) to transfer any of its property or assets to the Company or any other Restricted Subsidiary. Notwithstanding the foregoing, the Company may, and may permit any Restricted Subsidiary to, suffer to exist any such encumbrance or restriction (a) pursuant to any agreement in effect on the date of original issuance of the Notes; (b) pursuant to an agreement relating to any Debt Incurred by a Person (other than a Restricted Subsidiary of the Company existing on the date of original issuance of the Notes or any Restricted Subsidiary carrying on any of the businesses of any such Restricted Subsidiary) prior to the date on which such Person became a Restricted Subsidiary of the Company and outstanding on such date and not Incurred in anticipation of becoming a Restricted Subsidiary, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired; (c) pursuant to an agreement effecting a renewal, refunding or extension of Debt Incurred pursuant to an agreement referred to in clause (a) or (b) above, provided, however, that the provisions contained in such renewal, refunding or extension agreement relating to such encumbrance or restriction are no more restrictive in any material respect than the provisions contained in the agreement the subject thereof, as determined in good faith by the Board of Directors and evidenced by a resolution of the Board of Directors filed with the Trustee; (d) pursuant to an agreement relating to Debt of a Restricted Subsidiary that is not materially more restrictive than customary provisions in comparable financing arrangements and which the Board of Directors determines (as evidenced by a resolution of the Board of Directors filed with the Trustee) will not materially impair the Company's ability to make payments under the Notes; (e) in the case of clause (iii) above, restrictions contained in any security agreement (including a capital lease) securing Debt of a Restricted Subsidiary otherwise permitted under this Indenture, but only to the extent such restrictions restrict the transfer of the property subject to such security agreement; (f) in the case of clause (iii) above, customary nonassignment provisions entered into in the ordinary course of business

consistent with past practices in leases and other contracts to the extent such provisions restrict the transfer or subletting of any such lease or the assignment of rights under any such contract; (g) any restriction with respect to a Restricted Subsidiary of the Company imposed pursuant to an agreement which has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary, provided that consummation of such transaction would not result in an Event of Default or an event that, with the passing of time or the giving of notice or both, would constitute an Event of Default, that such restriction terminates if such transaction is closed or abandoned and that the closing or abandonment of such transaction occurs within one year of the date such agreement was entered into; or (h) such encumbrance or restriction is the result of applicable corporate law or regulation relating to the payment of dividends or distributions.

SECTION 1014. Limitation on Asset Disposition.

The Company shall not, and shall not permit any Restricted Subsidiary to, make any Asset Disposition in one or more related transactions unless: (i) the Company or the Restricted Subsidiary, as the case may be, receives consideration for such disposition at least equal to the fair market value for the assets sold or disposed of as determined by the Board of Directors in good faith and evidenced by a resolution of the Board of Directors filed with the Trustee; (ii) at least 85% of the consideration for such disposition consists of cash or readily marketable cash equivalents or the assumption of Debt (other than Debt that is subordinated to the Notes) relating to such assets and release from all liability on the Debt assumed; and (iii) all Net Available Proceeds, less any amounts invested or committed to be invested within 365 days of such disposition in assets related to the business of the Company or applied to permanently repay Senior Debt, are applied within 365 days of such disposition (1) first, to the permanent repayment or reduction of Senior Debt then outstanding under any agreements or instruments which would require such application or prohibit payments pursuant to clause (2) following, (2) second, to the extent of remaining Net Available Proceeds, to make an Offer to Purchase Outstanding Notes at 100% of their principal amount plus accrued interest to the date of purchase and, to the extent

required by the terms thereof, any other Debt of the Company that is pari passu with the Notes at a price no greater than 100% of the principal amount thereof plus accrued interest to the date of purchase, and (3) third, to the extent of any remaining Net Available Proceeds, to any other use as determined by the Company which is not otherwise prohibited by this Indenture.

SECTION 1015. Transactions with Affiliates and Related Persons.

The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, enter into any transaction (or series of related transactions) with an Affiliate or Related Person of the Company (other than the Company or a Wholly Owned Restricted Subsidiary of the Company), including any Investment, either directly or indirectly, unless such transaction is on terms no less favorable to the Company or such Restricted Subsidiary than those that could be obtained in a comparable arm's-length transaction with an entity that is not an Affiliate or Related Person. For any transaction that involves in excess of $5,000,000, a majority of the disinterested members of the Board of Directors shall determine that the transaction satisfies the above criteria and shall evidence such a determination by a Board Resolution filed with the Trustee. For any transaction that involves in excess of $10,000,000, the Company shall also obtain an opinion from a nationally recognized expert with experience in appraising the terms and conditions of the type of transaction (or series of related transactions) for which the opinion is required stating that such transaction (or series of related transactions) is on terms no less favorable to the Company or such Restricted Subsidiary than those that could be obtained in a comparable arm's-length transaction with an entity that is not an Affiliate or Related Person of the Company, which opinion shall be filed with the Trustee.

Notwithstanding anything to the contrary contained in this Indenture, the foregoing provisions shall not apply to (i) transactions with any employee, officer or director of the Company or any of its Restricted Subsidiaries pursuant to employee benefit plans or compensation arrangements or agreements entered into in the ordinary course of business, (ii) purchases or sales of goods or services in the ordinary course of business, or (iii) transactions with any

Affiliate or Related Person of the Company in which such Affiliate or Related Person acquires or purchases the capital stock of the Company or any Restricted Subsidiary at fair market value.

SECTION 1016. Change of Control.

Within 60 days of the occurrence of a Change of Control, the Company will be required to make an Offer to Purchase all Outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued interest to but excluding the date of purchase. A "Change of Control" will be deemed to have occurred at such time as either (a) any Person (other than a Permitted Holder) or any Persons acting together that would constitute a "group" (a "Group") for purposes of Section 13(d) of the Exchange Act, or any successor provision thereto (other than Permitted Holders), together with any Affiliates or Related Persons thereof, shall beneficially own (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision thereto), directly or indirectly, at least 50% of the aggregate voting power of all classes of Voting Stock of the Company (for the purposes of this clause (a) a person shall be deemed to beneficially own the Voting Stock of a corporation that is beneficially owned (as defined above) by another corporation (a "parent corporation"), if such person beneficially owns (as defined above) at least 50% of the aggregate voting power of all classes of Voting Stock of such parent corporation); or (b) any Person or Group (other than Permitted Holders), together with any Affiliates or Related Persons thereof, shall succeed in having a sufficient number of its nominees elected to the Board of Directors of the Company such that such nominees, when added to any existing director remaining on the Board of Directors of the Company after such election who was a nominee of or is an Affiliate or Related Person of such Person or Group, will constitute a majority of the Board of Directors of the Company; or (c) the Company shall, directly or indirectly, transfer, sell, lease or otherwise dispose of all or substantially all of its assets; or (d) there shall be adopted a plan of liquidation or dissolution of the Company; provided, however, that a transaction effected to create a holding company of the Company, (i) pursuant to which the Company becomes a wholly-owned Subsidiary of such holding company, and (ii) as a result of which the holders of Capital Stock of such holding company are substantially the same as the

holders of Capital Stock of the Company immediately prior to such transaction, shall not be deemed to involve a "Change of Control".

In the event that the Company makes an Offer to Purchase the Notes, the Company intends to comply with any applicable securities laws and regulations, including any applicable requirements of Section 14(e) of, and Rule 14e-1 under, the Exchange Act.

SECTION 1017. Provision of Financial Information.

For so long as any of the Notes are outstanding, the Company shall file with the Commission the annual reports, quarterly reports and other documents which the Company is required to file with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act or any successor provisions thereto.

SECTION 1018. Unrestricted Subsidiaries.

The Company may designate any Subsidiary of the Company to be an "Unrestricted Subsidiary" as provided below in which event such Subsidiary and each other Person that is then or thereafter becomes a Subsidiary of such Subsidiary will be deemed to be an Unrestricted Subsidiary. "Unrestricted Subsidiary" means (1) any Subsidiary designated as such by the Board of Directors as set forth below where (a) neither the Company nor any of its other Subsidiaries (other than another Unrestricted Subsidiary) (i) provides credit support for, or any Guarantee of, any Debt of such Subsidiary or any Subsidiary of such Subsidiary (including any undertaking, agreement or instrument evidencing such Debt) or (ii) is directly or indirectly liable for any Debt of such Subsidiary or any Subsidiary of such Subsidiary, and (b) no default with respect to any Debt of such Subsidiary or any Subsidiary of such Subsidiary (including any right which the holders thereof may have to take enforcement action against such Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Debt of the Company and its Subsidiaries (other than another Unrestricted Subsidiary) to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity and (2) any Subsidiary of an Unrestricted Subsidiary. The

Board of Directors may designate any Subsidiary to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary, provided that either (x) the Subsidiary to be so designated has total assets of $1,000 or less or (y) immediately after giving effect to such designation, the Company could Incur at least $1.00 of additional Debt pursuant to the first paragraph under Section 1008 hereof and provided, further, that the Company could make a Restricted Payment in an amount equal to the greater of the fair market value and book value of such Subsidiary pursuant to Section 1012 hereof and such amount is thereafter treated as a Restricted Payment for the purpose of calculating the aggregate amount available for Restricted Payments thereunder.

SECTION 1019. Statement by Officers as to Default; Compliance Certificates.

(a) The Company will deliver to the Trustee, within 90 days after the end of each fiscal quarter of the Company ending after the date hereof an Officers' Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of Section 801 or Sections 1004 to 1018, inclusive, and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

(b) The Company shall deliver to the Trustee, as soon as possible and in any event within 10 days after the Company becomes aware or should reasonably become aware of the occurrence of an Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default, an Officers' Certificate setting forth the details of such Event of Default or default, and the action which the Company proposes to take with respect thereto.

(c) The Company shall deliver to the Trustee within 90 days after the end of each fiscal year a written statement by the Company's independent public accountants stating (A) that their audit examination was conducted in

accordance with generally accepted accounting standards, and (B) whether, in connection with their audit examination, any event which, with notice or the lapse of time or both, would constitute an Event of Default has come to their attention insofar as it relates to accounting matters and, if such a default has come to their attention, specifying the nature and period of the existence thereof.

SECTION 1020. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 801 and Sections 1004 to 1018, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Notes shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect; provided, however, with respect to an Offer to Purchase as to which an Offer has been mailed, no such waiver may be made or shall be effective against any Holder tendering Notes pursuant to such Offer, and the Company may not omit to comply with the terms of such Offer as to such Holder.

ARTICLE ELEVEN

Redemption of Notes

SECTION 1101. Right of Redemption.

The Notes may be redeemed at the option of the Company, in whole or in part, at any time on or after May 1, 2003, and prior to maturity, at the Redemption Prices specified in the form of Note hereinbefore set forth together with accrued interest to, but excluding, the Redemption Date.

In addition, if on or before May 1, 2001 the Company receives net proceeds from the sale of its Common Stock in one or more Public Equity Offerings, the Company

may, at its option, use an amount equal to all or a portion of any such net proceeds to redeem Notes in an aggregate principal amount of up to 33 1/3% of the original aggregate principal amount of the Notes, provided, however, that Notes having a principal amount equal to at least 66 2/3% of the original aggregate principal amount of the Notes remain outstanding after such redemption. Such redemption must occur on a Redemption Date within 90 days of such sale and upon not less than 30 nor more than 60 days' notice mailed to each Holder of Notes to be redeemed at such Holder's address appearing in the Security Register, in amounts of $1,000 or an integral multiple of $1,000, at a redemption price of 109.50% of the principal amount of the Notes plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date).

If less than all the Notes are to be redeemed, the Trustee shall select, in such manner as it shall deem fair and appropriate, the particular Notes to be redeemed or any portion thereof that is an integral multiple of $1,000.

The Notes will not have the benefit of any sinking fund.

SECTION 1102. Applicability of Article.

Redemption of Notes at the election of the Company, as permitted by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Notes pursuant to Section 1101 shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Notes, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Notes to be redeemed.

SECTION 1104. Selection by Trustee of Notes to Be Redeemed.

If less than all the Notes are to be redeemed, the particular Notes to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Notes not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to $1,000 or any integral multiple thereof) of the principal amount of Notes of a denomination larger than $1,000.

The Trustee shall promptly notify the Company and each Note Registrar in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Notes shall relate, in the case of any Notes redeemed or to be redeemed only in part, to the portion of the principal amount of such Notes which has been or is to be redeemed.

SECTION 1105. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Notes to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Notes are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Notes to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon

each such Note to be redeemed and that interest thereon will cease to accrue on and after said date, and

(5) the place or places where such Notes are to be surrendered for payment of the Redemption Price.

Notice of redemption of Notes to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1106. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Notes which are to be redeemed on that date.

SECTION 1107. Notes Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price plus accrued interest) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Company at the Redemption Price together with accrued interest to the Redemption Date; provided, however, that instalments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal

(and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate provided by the Note.

SECTION 1108. Notes Redeemed in Part.

Any Note which is to be redeemed only in part shall be surrendered at an office or agency of the Company designated for that purpose pursuant to Section 1002 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered.

ARTICLE TWELVE

Subordination of Notes

SECTION 1201. Notes Subordinate to Senior Debt.

The Company covenants and agrees, and each Holder of a Note, by his acceptance thereof, likewise covenants and agrees, that, to the extent and in the manner hereinafter set forth in this Article (subject to the provisions of Article Four and Article Thirteen), the payment of the principal of (and premium, if any) and interest on each and all of the Notes (and any liquidated damages under the Exchange and Registration Rights Agreement ("Additional Amounts")) are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of all Senior Debt of the Company.

SECTION 1202. Payment Over of Proceeds Upon Dissolution, Etc.

In the event of (a) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relative to the Company or to its creditors, as

such, or to its assets, or (b) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary and whether or not involving insolvency or bankruptcy, or (c) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of the Company, then and in any such event specified in (a), (b) or (c) above (each such event, if any, herein sometimes referred to as a "Proceeding") the holders of Senior Debt shall be entitled to receive or retain payment in full in cash or cash equivalents of all amounts due or to become due on or in respect of all Senior Debt, or provision shall be made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, before the Holders of the Notes are entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, on account of principal of (or premium, if any) or interest on (or Additional Amounts) or other obligations in respect of the Notes or on account of any purchase, redemption or other acquisition of Notes by the Company or any Subsidiary of the Company (all such payments, distributions, purchases and acquisitions herein referred to, individually and collectively, as a "Notes Payment"), and to that end the holders of Senior Debt shall be entitled to receive, for application to the payment thereof, any Notes Payment which may be payable or deliverable in respect of the Notes in any such Proceeding.

In the event that, notwithstanding the foregoing provisions of this Section, the Trustee or the Holder of any Note shall have received any Notes Payment before all Senior Debt of the Company is paid in full in cash or cash equivalents or payment thereof provided for in cash or cash equivalents or otherwise in a manner satisfactory to the holders of such Debt, then and in such event such Notes Payment shall be paid over or delivered forthwith to the trustee in bankruptcy or other person making payment or distribution of assets of the Company for the application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay the Senior Debt in full.

For purposes of this Article only, the words "any payment or distribution of any kind or character, whether in cash, property or securities" shall not be deemed to include a payment or distribution of stock or securities of the Company provided for by a plan of reorganization or readjustment authorized by an order or decree of a court of

competent jurisdiction in a reorganization proceeding under any applicable bankruptcy law or of any other corporation provided for by such plan of reorganization or readjustment which stock or securities are subordinated in right of payment to all then outstanding Senior Debt to substantially the same extent as the Notes are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of all or substantially all of its properties and assets as an entirety to another Person upon the terms and conditions set forth in Article Eight shall not be deemed a Proceeding for the purposes of this Section if the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer such properties and assets as an entirety, as the case may be, shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions set forth in Article Eight.

SECTION 1203. No Payment When Senior Debt in Default.

In the event that any Company Senior Payment Default (as defined below) shall have occurred and be continuing, then no Notes Payment shall be made, and no defeasance of the Notes may be made, unless and until such Company Senior Payment Default shall have been cured or waived or shall have ceased to exist or all amounts then due and payable in respect of Senior Debt shall have been paid in full in cash or cash equivalents, or provision shall have been made for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt. "Company Senior Payment Default" means any default in the payment of principal of (or premium, if any) or interest on Designated Senior Debt when due, whether at the Stated Maturity of any such payment or by declaration of acceleration, call for redemption or otherwise.

Upon the occurrence of a Senior Nonmonetary Default and receipt of written notice by the Company and the Trustee of the occurrence of such Senior Nonmonetary Default from any holder of Designated Senior Debt (or any trustee, agent or other representative for such holder) which is the subject of such Senior Nonmonetary Default, no Notes Payment may be made, and no defeasance of the Notes, may be made for a period (the "Payment Blockage Period") commencing on the

date of the receipt of such notice and ending the earlier of (i) the date on which such Senior Nonmonetary Default shall have been cured or waived or ceased to exist or all Senior Debt the subject of such Senior Nonmonetary Default shall have been discharged and (ii) the 179th day after the date of the receipt of such notice. In any event, no more than one Payment Blockage Period may be commenced during any 360-day period and there shall be a period of at least 181 days during each 360-day period when no Payment Blockage Period is in effect. In addition, no Senior Nonmonetary Default that existed or was continuing on the date of the commencement of a Payment Blockage Period may be made the basis of the commencement of a subsequent Payment Blockage Period whether or not within a period of 360 consecutive days, unless such Senior Nonmonetary Default shall have been cured for a period of not less than 90 consecutive days. "Senior Nonmonetary Default" means the occurrence or existence and continuance of an event of default with respect to Company Senior Debt, other than a Senior Payment Default, permitting the holders of the Designated Senior Debt (or a trustee or other agent on behalf of the holders thereof) then to declare such Designated Senior Debt due and payable prior to the date on which it would otherwise become due and payable.

The failure to make any payment on the Notes by reason of the provisions of the Indenture described under this Article Twelve will not be construed as preventing the occurrence of an Event of Default with respect to the Notes arising from any such failure to make payment. Upon termination of any period of payment blockage the Company shall resume making any and all required payments in respect of the Notes, including any missed payments.

In the event that, notwithstanding the foregoing, the Company shall make any Company Notes Payment to the Trustee or any Holder prohibited by the foregoing of this Section, and if such fact shall, at or prior to the time of such Notes Payment, have been made known to the Trustee or, as the case may be, such Holder, then and in such event such Notes Payment shall be paid over and delivered forthwith to the holders of the Senior Debt of the Company.

The subordination provisions described above will not be applicable to payments in respect of the Notes from a defeasance trust established in connection with any defeasance or covenant defeasance of the Notes as described under Article Thirteen.

The provisions of this Section shall not apply to any Notes Payment with respect to which Section 1202 would be applicable.

SECTION 1204. Payment Permitted If No Default.

Nothing contained in this Article or elsewhere in this Indenture or in any of the Notes shall prevent (a) the Company, at any time except during the pendency of any Proceeding referred to in Section 1202 or under the conditions described in Section 1203, from making Notes Payments, or (b) the application by the Trustee of any money deposited with it hereunder to Notes Payments or the retention of such Notes Payment by the Holders, if, at the time of such application by the Trustee, it did not have knowledge that such Notes Payment would have been prohibited by the provisions of this Article.

SECTION 1205. Subrogation to Rights of Holders of Senior Debt.

Subject to the payment in full in cash or cash equivalents of all amounts due or to become due on or in respect of Senior Debt of the Company or the provision for such payment in cash or cash equivalents or otherwise in a manner satisfactory to the holders of Senior Debt, the Holders of the Notes shall be subrogated to the rights of the holders of such Debt to receive payments and distributions of cash, property and securities applicable to such Debt until the principal of (and premium, if any) and interest on the Notes shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Debt of the Company of any cash, property or securities to which the Holders of the Notes or the Trustee would be entitled except for the provisions of this Article, and no payments over pursuant to the provisions of this Article to the holders of Senior Debt by Holders of the Notes or the Trustee, shall, as among the Company, its creditors other than holders of Senior Debt and the Holders of the Notes, be deemed to be a payment or distribution by the Company to or on account of the Senior Debt of the Company.

SECTION 1206. Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders on the one hand and the holders of Senior Debt on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Notes is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Debt and the Holders of the Notes, the obligation of the Company, which is absolute and unconditional (and which, subject to the rights under this Article of the holders of Senior Debt, is intended to rank equally with all other general obligations of the Company), to pay to the Holders of the Notes the principal of (and premium, if any) and interest on the Notes as and when the same shall become due and payable in accordance with their terms; or (b) affect the relative rights against the Company of the Holders of the Notes and creditors of the Company, other than the holders of Senior Debt; or (c) prevent the Trustee or the Holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Debt to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

SECTION 1207. Trustee to Effectuate Subordination.

Each Holder of a Note by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1208. No Waiver of Subordination Provisions.

No right of any present or future holder of any Senior Debt to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Notes, without incurring responsibility to the Holders of the Notes and without impairing or releasing the subordination provided in this Article or the obligations hereunder of the Holders of the Notes to the holders of Senior Debt, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt, or otherwise amend or supplement in any manner Senior Debt or any instrument evidencing the same or any agreement under which Senior Debt is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt; (iii) release any Person liable in any manner for the collection of Senior Debt; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 1209. Notice to Trustee.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Notes, provided that failure to notify will not affect the subordination provisions set forth herein. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Notes, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Debt or from any trustee therefor at its Corporate Trust Office; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 601, shall be entitled in all respects to assume that no such facts exist.

Subject to the provisions of Section 601, the Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Debt (or a trustee therefor) to establish that such notice has been given by a holder of Senior Debt (or a trustee therefor). In the event that the Trustee determines in good faith that further evidence is required

with respect to the right of any Person as a holder of Senior Debt to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Debt held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 1210. Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets or securities of the Company referred to in this Article, the Trustee, subject to the provisions of Section 601, and the Holders of the Notes shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such Proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Notes, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Debt and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article.

SECTION 1211. Trustee Not Fiduciary for Holders of Senior Debt.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to Holders of Notes or to the Company or to any other Person cash, property or securities to which any holders of Senior Debt shall be entitled by virtue of this Article or otherwise.

SECTION 1212. Rights of Trustee as Holder of Senior Debt; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Debt which may at any time be held by it, to the same extent as any other holder of Senior Debt, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

SECTION 1213. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1212 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

SECTION 1214. Defeasance of this Article Twelve.

The subordination of the Notes provided by this Article Twelve is expressly made subject to the provisions for defeasance or covenant defeasance in Article Thirteen hereof and, anything herein to the contrary notwithstanding, upon the effectiveness of any such defeasance or covenant defeasance effected in compliance with this Indenture, the Notes then outstanding shall thereupon cease to be subordinated pursuant to this Article Twelve.

ARTICLE THIRTEEN

Defeasance and Covenant Defeasance

SECTION 1301. Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may at its option by Board Resolution, at any time, in accordance with the Exchange and Registration Rights Agreement, elect to have either Section 1302 or Section 1303 applied to the Outstanding Notes upon compliance with the conditions set forth below in this Article Thirteen.

SECTION 1302. Defeasance and Discharge.

Upon the Company's exercise of the option provided in Section 1301 applicable to this Section, the Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Notes, and the provisions of Article Twelve hereof shall cease to be effective, on the date the conditions set forth below are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Notes and to have satisfied all its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Notes to receive, solely from the trust fund described in Section 1304 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest on such Notes when such payments are due, (B) the Company's obligations with respect to such Notes under Sections 304, 305, 306, 1002 and 1003, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article Thirteen. Subject to compliance with this Article Thirteen, the Company may exercise its option under this Section 1302 notwithstanding the prior exercise of its option under Section 1303.

SECTION 1303. Covenant Defeasance.

Upon the Company's exercise of the option provided in Section 1301 applicable to this Section, (i) the Company shall be released from its obligations under Sections 1005 through 1018, inclusive, and Clauses (3), (4) and (5) of Section 801, (ii) the occurrence of an event specified in Sections 501(3), 501(4) (with respect to Clauses (1), (3), (4) or (5) of Section 801), 501(5) (with respect to any of Sections 1005 through 1018, inclusive), 501(6) and 501(7) shall not be deemed to be an Event of Default and (iii) the provisions of Article Twelve hereof shall cease to be effective on and after the date the conditions set forth below are satisfied (hereinafter, "covenant defeasance"). For this purpose, such covenant defeasance means that the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section, Clause or Article, whether directly or indirectly by reason of any reference elsewhere herein to any such Section, Clause or Article or by reason of any reference in any such Section, Clause or Article to any other provision herein or in any other document, but the remainder of this Indenture and such Notes shall be unaffected thereby.

SECTION 1304. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 1302 or Section 1303 to the then Outstanding Notes:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 609 who shall agree to comply with the provisions of this Article Thirteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Notes, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due

date of any payment, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, the principal of (, premium, if any,) and each instalment of interest on the Notes on the Stated Maturity of such principal or instalment of interest in accordance with the terms of this Indenture and of such Notes. For this purpose, "U.S. Government Obligations" means securities that are (x) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933, as amended) as custodian with respect to any such U.S. Government Obligation or a specific payment of principal of or interest on any such U.S. Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal of or interest on the U.S. Government Obligation evidenced by such depository receipt.

(2) In the case of an election under Section 1302, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of this Indenture there has been a change in the applicable Federal

income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred.

(3) In the case of an election under Section 1303, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Notes will not recognize gain or loss for Federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred.

(4) The Company shall have delivered to the Trustee an Officer's Certificate to the effect that the Notes, if then listed on any securities exchange, will not be delisted as a result of such deposit.

(5) Such defeasance or covenant defeasance shall not cause the Trustee to have a conflicting interest as defined in Section 608 and for purposes of the Trust Indenture Act with respect to any securities of the Company.

(6) At the time of such deposit: (A) no default in the payment of all or a portion of principal of (or premium, if any) or interest on or other obligations in respect of any Senior Debt shall have occurred and be continuing, and no event of default with respect to any Senior Debt shall have occurred and be continuing and shall have resulted in such Senior Debt becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable and (B) no other event of default with respect to any Senior Debt shall have occurred and be continuing permitting (after notice or the

lapse of time, or both) the holders of such Senior Debt (or a trustee on behalf of the holders thereof) to declare such Senior Debt due and payable prior to the date on which it would otherwise have become due and payable, or, in the case of either Clause (A) or Clause (B) above, each such default or event of default shall have been cured or waived or shall have ceased to exist.

(7) No Event of Default or event which with notice or lapse of time or both would become an Event of Default shall have occurred and be continuing.

(8) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(9) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may rely, as to factual matters, on such Officer's Certificate), each stating that all conditions precedent provided for relating to either the defeasance under Section 1302 or the covenant defeasance under Section 1303 (as the case may be) have been complied with.

(10) Such defeasance or covenant defeasance shall not result in the trust arising from such deposit constituting an investment company as defined in the Investment Company Act of 1940, as amended, or such trust shall be qualified under such act or exempt from regulation thereunder.

SECTION 1305. Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee--collectively, for purposes of

this Section 1305, the "Trustee") pursuant to Section 1304 in respect of the Notes shall be held in trust uninvested and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Notes, of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law. Money so held in trust shall not be subject to the provisions of Article Twelve.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Outstanding Notes.

Anything in this Article Thirteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 1304 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

SECTION 1306. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with Section 1302 or 1303 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article Thirteen until such time as the Trustee or Paying Agent is

permitted to apply all such money in accordance with Section 1302 or 1303; provided, however, that if the Company makes any payment of principal of (and premium, if any) or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Note to receive such payment from the money held by the Trustee or the Paying Agent.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

PHILLIPS-VAN HEUSEN CORPORATION

By /s/

Name: Irwin W. Winter
Title: Executive Vice President and Chief Financial Officer

Attest:

/s/ Pamela N. Hootkin
- ---

UNION BANK OF CALIFORNIA, N.A.

By /s/

Name: Gillian Wallace
Title: Assistant Vice President

STATE OF _____) ss.:
COUNTY OF _____)

On the _____ day of _____, 19__, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [he -- she] is _____ of _____, one of the corporations described in and which executed the foregoing instrument; that [he -- she] knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that [he -- she] signed [his -- her] name thereto by like authority.

STATE OF _____) ss.:
COUNTY OF _____)

On the _____ day of _____, 19__, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that [he -- she] is _____ of _____, one of the corporations described in and which executed the foregoing instrument; that [he -- she] knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that [he -- she] signed [his -- her] name thereto by like authority.

SCHEDULE I

7.75% Debentures due 2023

Capital Lease re: Industrial Development Board of Ozark, AL
(Interest rate: 6.50% - 7.75%; Maturity date: 09/01/99;
Amount outstanding as of 03/31/98: $670,000)

ANNEX A -- Form of
Regulation S Certificate

REGULATION S CERTIFICATE

(For transfers pursuant to ss. 306(b)(i) of the Indenture)

[ ]
[ ]
[ ]
[ ]

Re: % Senior Subordinated Notes due , 2008 of Granite Broadcasting Corporation (the "Securities")

Reference is made to the Indenture, dated as of May , 1998 (the "Indenture"), from Granite Broadcasting Corporation (the "Company") to The Bank of New York, as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to U.S. $_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". The Specified Securities are represented by a Global Security and are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of a Regulation S Security. In connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 904 or Rule 144 under the Securities Act and with all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as follows:

(1) Rule 904 Transfers. If the transfer is being effected in accordance with Rule 904:

(A) the Owner is not a distributor of the Securities, an affiliate of the Company or any such distributor or a person acting on behalf of any of the foregoing;

(B) the offer of the Specified Securities was not made to a person in the United States;

(C) either:

(i) at the time the buy order was originated, the Transferee was outside the United States or the Owner and any person acting on its behalf reasonably believed that the Transferee was outside the United States, or

(ii) the transaction is being executed in, on or through the facilities of the Eurobond market, as regulated by the Association of International Bond Dealers, or another designated offshore securities market and neither the Owner nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;

(D) no directed selling efforts have been made in the United States by or on behalf of the Owner or any affiliate thereof;

(E) if the Owner is a dealer in securities or has received a selling concession, fee or other renumeration in respect of the Specified Securities, and the transfer is to occur during the Restricted Period, then the requirements of Rule 904(c)(1) have been satisfied; and

(F) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and is being effected in accordance with the applicable amount, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.

Dated:

(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:

Name:

Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

ANNEX B -- Form of Restricted
Securities Certificate

RESTRICTED SECURITIES CERTIFICATE

(For transfers pursuant to ss. 306(b)(ii) of the Indenture)

[ ]
[ ]
[ ]
[ ]

Re: % Senior Subordinated Notes due , 2008 of
Granite Broadcasting Corporation (the "Securities")

Reference is made to the Indenture, dated as of May , 1998 (the "Indenture"), from Granite Broadcasting Corporation (the "Company") to The Bank of New York, as Trustee. Terms used herein and defined in the Indenture or in Rule 144A or Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to U.S.$_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

ISIN No(s) If any. _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". The Specified Securities are represented by a Global Security and are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be transferred to a person (the "Transferee") who will take delivery in the form of a Restricted Security. In

connection with such transfer, the Owner hereby certifies that, unless such transfer is being effected pursuant to an effective registration statement under the Securities Act, it is being effected in accordance with Rule 144A or Rule 144 under the Securities Act and all applicable securities laws of the states of the United States and other jurisdictions. Accordingly, the Owner hereby further certifies as:

(1) Rule 144A Transfers. If the transfer is being effected in accordance with Rule 144A:

(A) the Specified Securities are being transferred to a person that the Owner and any person acting on its behalf reasonably believe is a "qualified institutional buyer" within the meaning of Rule 144A, acquiring for its own account or for the account of a qualified institutional buyer; and

(B) the Owner and any person acting on its behalf have taken reasonable steps to ensure that the Transferee is aware that the Owner may be relying on Rule 144A in connection with the transfer; and

(2) Rule 144 Transfers. If the transfer is being effected pursuant to Rule 144:

(A) the transfer is occurring after a holding period of at least one year (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and is being effected in accordance with the applicable amount, manner of sale and notice requirements of Rule 144; or

(B) the transfer is occurring after a holding period of at least two years has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.

Dated:

_____
(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:_____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

ANNEX C -- Form of Unrestricted
Securities Certificate

UNRESTRICTED SECURITIES CERTIFICATE

(For removal of Securities Act Legends pursuant to ss. 306(c))

[ ]
[ ]
[ ]
[ ]

Re: % Senior Subordinated Notes due , 2008 of
Granite Broadcasting Corporation (the "Securities")

Reference is made to the Indenture, dated as of May , 1998 (the "Indenture"), from Granite Broadcasting Corporation (the "Company") to The Bank of New York, as Trustee. Terms used herein and defined in the Indenture or in Regulation S or Rule 144 under the U.S. Securities Act of 1933 (the "Securities Act") are used herein as so defined.

This certificate relates to U.S. $_____ principal amount of Securities, which are evidenced by the following certificate(s) (the "Specified Securities"):

CUSIP No(s). _____

CERTIFICATE No(s). _____

The person in whose name this certificate is executed below (the "Undersigned") hereby certifies that either (i) it is the sole beneficial owner of the Specified Securities or (ii) it is acting on behalf of all the beneficial owners of the Specified Securities and is duly authorized by them to do so. Such beneficial owner or owners are referred to herein collectively as the "Owner". If the Specified Securities are represented by a Global Security, they are held through the Depositary or an Agent Member in the name of the Undersigned, as or on behalf of the Owner. If the Specified Securities are not represented by a Global Security, they are registered in the name of the Undersigned, as or on behalf of the Owner.

The Owner has requested that the Specified Securities be exchanged for Securities bearing no Securities Act Legend pursuant to Section 306(c) of the Indenture. In connection with such exchange, the Owner hereby certifies that the exchange is occurring after a holding period of at least three years (computed in accordance with paragraph (d) of Rule 144) has elapsed since the Specified Securities were last acquired from the Company or from an affiliate of the Company, whichever is later, and the Owner is not, and during the preceding three months has not been, an affiliate of the Company. The Owner also acknowledges that any future transfers of the Specified Securities must comply with all applicable securities laws of the states of the United States and other jurisdictions.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Initial Purchasers.

Dated:

_____
(Print the name of the Undersigned, as such term is defined in the second paragraph of this certificate.)

By:_____
Name:
Title:

(If the Undersigned is a corporation, partnership or fiduciary, the title of the person signing on behalf of the Undersigned must be stated.)

ANNEX D -- Form of Certification to be Given by Holders of Beneficial Interest in a Regulation S Temporary Global Note

OWNER SECURITIES CERTIFICATION

GRANITE BROADCASTING CORPORATION

% Senior Subordinated Notes due , 2008

This is to certify that, as of the date hereof, $_____ of the above-captioned Notes are beneficially owned by non-U.S. person(s). As used in this paragraph, the term "U.S. person" has the meaning given to it by Regulation S under the Securities Act of 1933, as amended.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Notes held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

We understand that this certificate is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate to any interested party in such proceedings.

Dated:_____, ____

By:_____
As, or as agent for, the beneficial owner(s) of the Notes to which this certificate relates.

ANNEX E -- Form of Certification to
be Given by the Euroclear Operator
or Cedel S.A.

DEPOSITARY SECURITIES CERTIFICATION

GRANITE BROADCASTING CORPORATION

% Senior Subordinated Notes due , 2008

This is to certify that, with respect to U.S. $_____ principal amount of the above-captioned Notes, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from member organizations appearing in our records as persons being entitled to a portion of the principal amount of Notes set forth above (our "Member Organizations"), certifications with respect to such portion, substantially to the effect set forth in the Indenture.

We further certify (i) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the Regulation S Temporary Global Note (as defined in the Indenture) excepted in such certifications and (ii) that as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with

which this certification is or would be relevant, we irrevocably authorize you to produce this certification to any interested party in such proceedings.

Dated: _____, _____

Yours faithfully,
[MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Brussels office,
as operator of the Euroclear System]

or

[CEDEL S.A.]

By_____

Exhibit 4.2

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT, dated as of April 22, 1998, by and among Phillips-Van Heusen Corporation (the "Company") and Goldman, Sachs & Co., Chase Securities Inc. and Citicorp Securities, Inc. (collectively, the "Purchasers") as the purchasers of the 9 1/2% Senior Subordinated Notes due 2008 of the Company.

1. Certain Definitions.

For purposes of this Agreement, the following terms shall have the following respective meanings:

(a) "Closing Date" shall mean the date on which the Securities are initially issued.

(b) "Commission" shall mean the Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

(c) "Effective Time", in the case of an Exchange Offer, shall mean the date on which the Commission declares the Exchange Offer registration statement effective or on which such registration statement otherwise becomes effective and, in the case of a Shelf Registration, shall mean the date on which the Commission declares the Shelf Registration effective or on which the Shelf Registration otherwise becomes effective.

(d) "Exchange Act" shall mean the Securities Exchange Act of 1934.

(e) "Exchange Offer" shall have the meaning assigned thereto in Section 2.

(f) "Exchange Securities" shall have the meaning assigned thereto in Section 2.

(g) The term "holder" shall mean the Purchasers for so long as they own any Registrable Securities and any person who is a holder or beneficial owner of any Registrable Securities, for so long as such person owns any Registrable Securities.

(h) "Indenture" shall mean the Indenture, dated as of April 22, 1998, between the Company and Union Bank of California, N.A., as Trustee.

(i) The term "person" shall mean a corporation, limited liability company, association, partnership, organization, business, individual, trust, government or political subdivision thereof or governmental agency.

(j) "Registrable Securities" shall mean the Securities; provided, however, that such Securities shall cease to be Registrable Securities when (i) in the circumstances contemplated by Section 2(a), such Securities have been exchanged for Exchange Securities in an Exchange Offer as contemplated in Section 2(a) provided, however, that any such Securities that, pursuant to the last two sentences of Section 2(a), are included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be Registrable Securities with respect to Sections 5, 6 and 9 until resale of such

Exchange Securities has been effected within the 180-day period referred to in Section 2(a); (ii) in the circumstances contemplated by Section 2(b), a registration statement registering such Securities under the Securities Act has been declared or becomes effective, and such Securities have been sold or otherwise transferred by the holder thereof pursuant to such effective registration statement; (iii) such Securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Securities relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company or pursuant to the Indenture, or such Securities are eligible to be sold pursuant to paragraph (k) of Rule 144; or (iv) such Securities shall cease to be outstanding.

(k) "Registration Expenses" shall have the meaning assigned thereto in Section 4 hereof.

(l) "Restricted Holder" shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405 under the Securities Act, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder's business or (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities.

(m) "Rule 144", "Rule 405" and "Rule 415" shall mean, in each case, such rule promulgated under the Securities Act.

(n) "Securities" shall mean, collectively, the 9 1/2% Senior Subordinated Notes due 2008 of the Company to be issued and sold to the Purchasers and any securities issued in exchange therefor or in lieu thereof pursuant to the Indenture.

(o) "Securities Act" shall mean the Securities Act of 1933.

(p) "Shelf Registration" shall have the meaning assigned thereto in Section 2 hereof.

(q) "Trust Indenture Act" shall mean the Trust Indenture Act of 1939, or any successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Agreement, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision. Unless the context otherwise requires, any reference to a statute, rule or regulation refers to the same (including any successor statute, rule or regulation thereto) as it may be amended from time to time.

2. Registration Under the Securities Act.

(a) Except as set forth in Section 2(b) below, the Company agrees to use its best efforts to file under the Securities Act, as soon as practicable, but no later than 60 days after the Closing Date, a registration statement relating to an offer to exchange (the "Exchange Offer") any and all of the Securities for a like aggregate principal amount of debt securities of the Company which are substantially identical to the Securities (and which are entitled to the benefits of a trust indenture which is substantially identical to the Indenture or is the Indenture and which has been qualified

under the Trust Indenture Act) except that they have been registered pursuant to an effective registration statement under the Securities Act and will not contain provisions for the additional interest contemplated by Section 2(c) hereof or provisions restricting transfer (such new debt securities hereinafter called "Exchange Securities"). The Company agrees to use its best efforts to cause such registration statement to become effective under the Securities Act as soon as practicable thereafter. The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. The Company further agrees to use its best efforts to commence the Exchange Offer promptly after such registration statement has become effective, hold the Exchange Offer open for at least 30 days and exchange the Exchange Securities for all Registrable Securities that have been validly tendered and not withdrawn on or prior to the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been completed only if the Exchange Securities received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under the Securities Act and without material restrictions under the Blue Sky or securities laws of a substantial majority of the States of the United States of America, it being understood that broker-dealers receiving Exchange Securities will be subject to certain prospectus delivery requirements with respect to resale of the Exchange Securities. The Exchange Offer shall be deemed to have been completed upon the earlier to occur of (i) the Company having exchanged the Exchange Securities for all outstanding Registrable Securities that have been validly tendered pursuant to the Exchange Offer and (ii) the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 30 days following the commencement of the Exchange Offer. The Company agrees (i) to include in the registration statement a prospectus for use in any resales by any holder of Securities that is a broker-dealer and (ii) to keep such registration statement effective for a period ending on the earlier of the 180th day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such registration statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Section 6 hereof.

(b) In the event that (i) on or prior to the consummation of the Exchange Offer existing Commission interpretations are changed such that the Exchange Securities received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Exchange Offer has not been consummated on or before the 210th day after the Closing Date or (iii) the Exchange Offer is not available to any holder of Registrable Securities, the Company shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), file under the Securities Act as soon as practicable a "shelf" registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission (the "Shelf Registration"). The Company agrees to use its best efforts to cause the Shelf Registration to become or be declared effective as soon as practicable after the Closing Date and to keep such Shelf Registration continuously effective for a period ending on the earlier of the second anniversary of the Closing Date or such time as there are no longer any Registrable Securities outstanding. The Company further agrees to supplement or make amendments to the Shelf Registration, as and when required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration or by the Securities Act

or rules and regulations thereunder for shelf registration, and the Company agrees to furnish to the holders of the Registrable Securities copies of any such supplement or amendment prior to its being used and/or filed with the Commission.

(c) In the event that (i) the Company has not filed the registration statement relating to the Exchange Offer (or, if applicable, the Shelf Registration) on or before the 60th day after the Closing Date, or (ii) such registration statement (or, if applicable, the Shelf Registration) has not become effective or been declared effective by the Commission on or before the 180th day after the Closing Date, or (iii) the Exchange Offer has not been completed within 30 business days after the initial effective date of the registration statement (if the Exchange Offer is then required to be made) or (iv) any registration statement required by Section 2(a) or 2(b) is filed and declared effective but shall thereafter cease to be effective (except as specifically permitted herein) without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), then the per annum interest rate of the Securities as set forth in the Securities shall increase by 0.5% during the first 90-day period following the occurrence of the Registration Default, and the per annum interest rate on the Securities will increase by an additional 0.5% for each subsequent 90-day period during which any Registration Default remains in effect up to a maximum additional interest rate of 1%, for the period from and including the date of occurrence of the Registration Default to but excluding such date as no Registration Default is in effect (at which time the interest rate will be restored to its initial rate). In the event that the interest rate of the Securities is so increased, the Company shall promptly notify the Trustee of such increase, including any subsequent increase, and the beginning and ending dates therefor.

3. Registration Procedures.

If the Company files a registration statement pursuant to Section 2(a) or Section 2(b), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Offer or the Shelf Registration, as the case may be, the Company shall qualify the Indenture under the Trust Indenture Act of 1939.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's obligations with respect to the Shelf Registration, if applicable, the Company shall use its best efforts to effect or cause the Shelf Registration to permit the sale of the Registrable Securities by the holders thereof in accordance with the intended method or methods of distribution thereof described in the Shelf Registration. In connection therewith, the Company shall:

(i) as soon as reasonably possible, prepare and file with the Commission a registration statement with respect to the Shelf Registration on any form which may be utilized by the Company and which shall permit the disposition of the Registrable Securities in accordance with the intended method or methods thereof, as specified in writing by the

holders of the Registrable Securities, and use its best efforts to cause such registration statement to become effective as soon as reasonably possible thereafter;

(ii) as soon as reasonably possible, prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such registration statement for the period specified in Section 2(b) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such registration statement, and furnish to the holders of the Registrable Securities copies of any such supplement or amendment prior to its being used and/or filed with the Commission;

(iii) as soon as reasonably possible, comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the holders thereof set forth in such registration statement;

(iv) provide (A) the holders of the Registrable Securities to be included in such registration statement, (B) the underwriters (which term, for purposes of this Agreement, shall include a person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act) if any, thereof, (C) the sales or placement agent, if any, therefor, (D) counsel for such underwriters or agent, and (E) not more than one counsel for all the holders of such Registrable Securities the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment or supplement thereto;

(v) for a reasonable period prior to the filing of such registration statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the parties referred to in Section 3(c)(iv) who shall certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary, in the reasonable judgment of the respective counsel referred to in such Section, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records designated by the Company in writing as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such registration statement or otherwise), or (B) such person shall be required, or shall deem it advisable, so to disclose such information pursuant to the subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice thereof), or (C) such information is required to be set forth in such registration statement or the prospectus included therein or in an amendment to such registration statement or an amendment or supplement to such prospectus in order that such registration statement, prospectus, amendment or supplement,

as the case may be, does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(vi) promptly notify the selling holders of Registrable Securities, the sales or placement agent, if any, therefor and the managing underwriter or underwriters, if any, thereof and confirm such advice in writing, (A) when such registration statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such registration statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission, the Blue Sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such registration statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 3(c)(xv) or Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (F) at any time when a prospectus is required to be delivered under the Securities Act, if such registration statement, prospectus, prospectus amendment or supplement or post-effective amendment, or any document incorporated by reference in any of the foregoing, contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(vii) use its best efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post-effective amendment thereto at the earliest practicable date;

(viii) if requested by any managing underwriter or underwriters, any placement or sales agent or any holder of Registrable Securities, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such managing underwriter or underwriters, such agent or such holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including, without limitation, information with respect to the principal amount of Registrable Securities being sold by such holder or agent or to any underwriters, the name and description of such holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such holder or agent or to such underwriters; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(ix) furnish to each holder of Registrable Securities, each placement or sales agent, if any, therefor, each underwriter, if any, thereof and the respective counsel referred to in

Section 3(c)(iv) an executed copy of such registration statement, each such amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) and such number of copies of such registration statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by such holder, agent or underwriter, as the case may be) and of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus), in conformity with the requirements of the Securities Act, and such other documents, as such holder, agent, if any, and underwriter, if any, may reasonably request in order to facilitate the offering and disposition of the Registrable Securities owned by such holder, offered or sold by such agent or underwritten by such underwriter and to permit such holder, agent and underwriter to satisfy the prospectus delivery requirements of the Securities Act; and the Company hereby consents to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by each such holder and by any such agent and underwriter, in each case in the form most recently provided to such party by the Company, in connection with the offering and sale of the Registrable Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(x) use its best efforts to (A) register or qualify the Registrable Securities to be included in such registration statement under such securities laws or Blue Sky laws of such jurisdictions as any holder of such Registrable Securities and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(b) above and for so long as may be necessary to enable any such holder, agent or underwriter to complete its distribution of Securities pursuant to such registration statement and (C) take any and all other actions as may be reasonably necessary or advisable to enable each such holder, agent, if any, and underwriter, if any, to consummate the disposition in such jurisdictions of such Registrable Securities; provided, however, that the Company shall not be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(x), (2) consent to general service of process or taxation in any such jurisdiction or (3) make any changes to its articles of incorporation or by-laws or any agreement between it and its stockholders;

(xi) use its best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state, provincial or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities;

(xii) cooperate with the holders of the Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends; and, in the case of an underwritten offering, enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two business days prior to any sale of the Registrable Securities;

(xiii) provide a CUSIP number for all Registrable Securities, not later than the effective date of the Shelf Registration;

(xiv) enter into one or more underwriting agreements, engagement letters, agency agreements, "best efforts" underwriting agreements or similar agreements, as appropriate, including (without limitation) customary provisions relating to indemnification and contribution, and take such other actions in connection therewith as any holders of Registrable Securities aggregating at least 25% in aggregate principal amount of the Registrable Securities at the time outstanding shall request in order to expedite or facilitate the disposition of such Registrable Securities; provided, that the Company shall not be required to enter into any such agreement more than twice with respect to all of the Registrable Securities and may delay entering into such agreement until the consummation of any underwritten public offering which the Company shall have then engaged;

(xv) whether or not an agreement of the type referred to in Section (3)(c)(xiv) hereof is entered into and whether or not any portion of the offering contemplated by such registration statement is an underwritten offering or is made through a placement or sales agent or any other entity, (A) make such representations and warranties to the holders of such Registrable Securities and the placement or sales agent, if any, therefor and the underwriters, if any, thereof substantially the same as those set forth in Section 1 of the Purchase Agreement dated the date hereof and such other representations and warranties in form, substance and scope as are customarily made in connection with an offering of debt securities pursuant to any appropriate agreement and/or to a registration statement filed on the form applicable to the Shelf Registration; (B) obtain an opinion or opinions of counsel to the Company in customary form and covering such other matters of the type customarily covered by such an opinion, as the managing underwriters, if any, and as any holders of at least 25% in aggregate principal amount of the Registrable Securities at the time outstanding may reasonably request, addressed to such holder or holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof and dated the effective date of such registration statement (and if such registration statement contemplates an underwritten offering of a part or all of the Registrable Securities, dated the date of the closing under the underwriting agreement relating thereto) (it being agreed that the matters to be covered by such opinion shall include, without limitation, the due incorporation and good standing of the Company and its subsidiaries; the due authorization, execution and delivery of the relevant agreement of the type referred to in Section (3)(c)(xiv) hereof; the due authorization, execution, authentication and issuance, and the validity and enforceability, of the Securities; the absence of material legal or governmental proceedings involving the Company; the absence of a breach by the Company or any of its subsidiaries of, or a default under, material agreements binding upon the Company or any subsidiary of the Company; the absence of governmental approvals required to be obtained in connection with the Shelf Registration, the offering and sale of the Registrable Securities, this Agreement or any agreement of the type referred to in Section (3)(c)(xiv) hereof, except such approvals as may be required under state securities or Blue Sky laws; the compliance as to form of such registration statement and any documents incorporated by reference therein and of the Indenture with the requirements of the Securities Act and the Trust Indenture Act, respectively; and, as of the date of the opinion and of the registration statement or most recent post-effective amendment thereto, as the case may be, the absence from such

registration statement and the prospectus included therein, as then amended or supplemented, and from the documents incorporated by reference therein (in each case other than the financial statements and other financial information contained therein) of an untrue statement of a material fact or the omission to state therein a material fact necessary to make the statements therein not misleading (in the case of such documents, in the light of the circumstances existing at the time that such documents were filed with the Commission under the Exchange Act)); (C) obtain a "cold comfort" letter or letters from the independent certified public accountants of the Company addressed to the selling holders of Registrable Securities and the placement or sales agent, if any, therefor and the underwriters, if any, thereof, dated (i) the effective date of such registration statement and (ii) the date of any prospectus supplement to the prospectus included in such registration statement or the effective date of any post-effective amendment to such registration statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus (and, if such registration statement contemplates an underwritten offering pursuant to any prospectus supplement to the prospectus included in such registration statement or post-effective amendment to such registration statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus, dated the date of the closing under the underwriting agreement relating thereto), such letter or letters to be in customary form and covering such matters of the type customarily covered by letters of such type; (D) deliver such documents and certificates, including officers' certificates, as may be reasonably requested by any holders of at least 25% in aggregate principal amount of the Registrable Securities at the time outstanding and the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof to evidence the accuracy of the representations and warranties made pursuant to clause (A) above or those contained in Section 5(a) hereof and the compliance with or satisfaction of any agreements or conditions contained in the underwriting agreement or other agreement entered into by the Company; and (E) undertake such obligations relating to expense reimbursement, indemnification and contribution as are provided in Section 6 hereof;

(xvi) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Agreement pursuant to Section 9(h) hereof and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be;

(xvii) in the event that any broker-dealer registered under the Exchange Act shall underwrite any Registrable Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Rules of Conduct (the "Rules of Conduct") of the National Association of Securities Dealers, Inc. ("NASD")) thereof, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, reasonably assist such broker-dealer in complying with the requirements of such Rules of Conduct, including, without limitation, by (A) if such Rules of Conduct shall so require, engaging a "qualified independent underwriter" (as defined in such Rules of Conduct) to participate in the preparation of the registration statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such registration statement is an underwritten offering or is made

through a placement or sales agent, to recommend the yield of such Registrable Securities, (B) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 6 hereof, and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Rules of Conduct; and

(xviii) comply with all applicable rules and regulations of the Commission, and make generally available to its security holders as soon as practicable but in any event not later than 18 months after the effective date of such registration statement, an earning statement of the Company and its consolidated subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(d) In the event that the Company would be required, pursuant to Section 3(c)(vi)(F) above, to notify the selling holders of Registrable Securities, the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof, the Company shall without delay prepare and furnish to each such holder, to each placement or sales agent, if any, and to each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. Each holder of Registrable Securities agrees that upon receipt of any notice from the Company pursuant to Section 3(c)(vi)(F) hereof, such holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the registration statement applicable to such Registrable Securities until such holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such holder's possession of the prospectus covering such Registrable Securities at the time of receipt of such notice.

(e) The Company may require each holder of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding such holder and such holder's intended method of distribution of such Registrable Securities as the Company may from time to time request in writing, but only to the extent that such information is required in order to comply with the Securities Act. Each such holder agrees to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such registration contains or would contain an untrue statement of a material fact regarding such holder or such holder's intended method of distribution of such Registrable Securities or omits to state any material fact regarding such holder or such holder's intended method of distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly to furnish to the Company any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such holder or the distribution of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

4. Registration Expenses.

The Company agrees to bear and to pay or cause to be paid all expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, (a) all Commission and any NASD registration and filing fees and expenses, (b) all fees and expenses in connection with the qualification of the Securities or Exchange Securities for offering and sale under the State securities and Blue Sky laws referred to in Section 3(c)(x) hereof, including reasonable fees and disbursements of counsel for the placement or sales agent or underwriters in connection with such qualifications, (c) all expenses relating to the preparation, printing, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the certificates representing the Securities and Exchange Securities and all other documents relating hereto, (d) messenger and delivery expenses, (e) fees and expenses of the Trustee under the Indenture and of any escrow agent or custodian, (f) internal expenses (including, without limitation, all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Company (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (h) fees, disbursements and expenses of any "qualified independent underwriter" engaged pursuant to Section 3(c)(xvii) hereof, (i) fees, disbursements and expenses of one counsel for the holders of Registrable Securities retained in connection with a Shelf Registration, as selected by the holders of at least a majority in aggregate principal amount of the Registrable Securities being registered, and fees, expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities or any placement or sales agent therefor or underwriter thereof, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered shall pay all agency fees, brokerage fees and commissions and underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of such Registered Securities and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), and any other out-of-pocket expenses of such holders, other than the counsel and experts specifically referred to above.

5. Representations and Warranties.

The Company represents and warrants to, and agrees with, the Purchasers and each of the holders from time to time of Registrable Securities that:

(a) Each registration statement covering Registrable Securities and each prospectus (including any preliminary or summary prospectus) contained therein or furnished pursuant to Section 3(c)(ix) hereof and any further amendments or supplements to any such registration statement or prospectus, when it becomes effective or is filed with the Commission, as the case may be, and, in the case of an underwritten offering of Registrable Securities, at the time of the closing under the underwriting agreement relating thereto, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and any such registration statement and any amendment thereto will not contain an untrue statement of a material fact or

omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and any such prospectus or any amendment or supplement thereto will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; and at all times subsequent to the Effective Time when a prospectus would be required to be delivered under the Securities Act, other than from (i) such time as a notice has been given to holders of Registrable Securities pursuant to Section 3(c)(vi)(F) hereof until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(d) hereof, each such registration statement, and each prospectus (including any summary prospectus) contained therein or furnished pursuant to Section 3(c)(ix) hereof, as then amended or supplemented, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities expressly for use therein.

(b) Any documents incorporated by reference in any prospectus referred to in Section 5(a) hereof, when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities expressly for use therein.

(c) The compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any subsidiary of the Company is a party or by which the Company or any subsidiary of the Company is bound or to which any of the property or assets of the Company or any subsidiary of the Company is subject, nor will such action result in any violation of the provisions of the articles of incorporation or by-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any subsidiary of the Company or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Securities Act of the Registrable Securities, qualification of the Indenture under the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under State securities or Blue Sky laws in connection with the offering and distribution of the Registrable Securities.

(d) This Agreement has been duly authorized, executed and delivered by the Company.

6. Indemnification.

(a) Indemnification by the Company. Upon the registration of the Registrable Securities pursuant to Section 2 hereof, and in consideration of the agreements of the Purchasers contained herein, and as an inducement to the Purchasers to purchase the Securities, the Company shall, and it hereby agrees to, indemnify and hold harmless each of the holders of Registrable Securities to be included in such registration, and each person who participates as a placement or sales agent or as an underwriter in any offering or sale of such Registrable Securities against any losses, claims, damages or liabilities, joint or several, to which such holder, agent or underwriter may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company shall reimburse such holder, such agent and such underwriter for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by holders of Registrable Securities expressly for use therein; and provided further, that the Company shall not be liable to any person under this subsection (a) for any such loss, claim, damage or liability arising from any preliminary prospectus to the extent that such loss, claim, damage or liability of such person results from the fact that such person sold Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the final prospectus or the final prospectus as then amended or supplemented, excluding documents incorporated by reference, in any case where (i) such delivery of the final prospectus or the final prospectus as then amended or supplemented, as the case may be, is required by the Securities Act, (ii) the Company has previously furnished sufficient copies thereof to such person at such time as is sufficient to permit such delivery prior to such confirmation and (iii) the loss, claim, damage or liability of such person results from an untrue statement or omission of a material fact contained in the preliminary prospectus which was corrected in the final prospectus or the final prospectus as amended or supplemented, as the case may be, excluding documents incorporated therein by reference.

(b) Indemnification by the Holders and any Agents and Underwriters. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 2 hereof and to entering into any underwriting agreement with respect thereto, that the Company shall have received an undertaking reasonably satisfactory to it from each holder of such Registrable Securities and from each underwriter named in any such underwriting agreement, severally and not jointly, to indemnify and hold harmless the Company and all other holders of Registrable Securities, against any losses, claims, damages or liabilities to which the Company or such other holders of Registrable Securities may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise

out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such holder or underwriter expressly for use therein, provided, however, that no such holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the dollar amount of the proceeds to be received by such holder from the sale of such holder's Registrable Securities pursuant to such registration.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party, other than under the indemnification provisions of or contemplated by Section 6(a) or 6(b) hereof. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party. No indemnifying party shall be liable for the cost of any settlement effected by an indemnified party without the written consent of such indemnifying party, which consent shall not be unreasonably withheld.

(d) Contribution. Each party hereto agrees that, if for any reason the indemnification provisions contemplated by Section 6(a) or Section 6(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant

equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(d) were determined by pro rata allocation (even if the holders or any agents or underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(d), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriters' obligations in this Section 6(d) to contribute shall be several in proportion to the principal amount of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, agent and underwriter and each person, if any, who controls any holder, agent or underwriter within the meaning of the Securities Act; and the obligations of the holders and any underwriters contemplated by this Section 6 shall be in addition to any liability which the respective holder or underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any registration statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

7. Underwritten Offerings.

(a) Selection of Underwriters. If any of the Registrable Securities covered by the Shelf Registration are to be sold pursuant to an underwritten offering, the managing underwriter or underwriters thereof shall be designated by the holders of at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, provided that such designated managing underwriter or underwriters is or are reasonably acceptable to the Company.

(b) Participation by Holders. Each holder of Registrable Securities hereby agrees with each other such holder that no such holder may participate in any underwritten offering hereunder unless such holder (1) agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. Rule 144.

The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, it shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including, but not limited to, the reports under Section 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144) and the rules and regulations adopted by the Commission thereunder, and shall take such further action as any holder of Registrable Securities who is unable to sell Registrable Securities pursuant to an effective registration statement may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 or any similar rule or regulation hereafter adopted by the Commission. Upon the request of any holder of Registrable Securities in connection with that holder's sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

9. Miscellaneous.

(a) No Inconsistent Agreements. The Company represents, warrants, covenants and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities or any other securities which would be inconsistent with the terms contained in this Agreement.

(b) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder and that each party may be irreparably harmed by any such failure, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of any other party under this Agreement in accordance with the terms and conditions of this Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, if delivered personally or by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, to it at 1290 Avenue of the Americas, New York, New York 10104, Attention: Chief Financial Officer and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(d) Parties in Interest. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns

of the parties hereto. In the event that any transferee of any holder of Registrable Securities shall validly acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a party hereto for all purposes and such Registrable Securities shall be held subject to all of the terms of this Agreement, and by validly taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement.

(e) Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, any director, officer or partner of such holder, any agent or underwriter or any director, officer or partner thereof, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement and the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer.

(f) LAW GOVERNING. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(g) Headings. The descriptive headings of the several Sections and paragraphs of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Entire Agreement; Amendments. This Agreement and the other writings referred to herein (including the Indenture and the form of Securities) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least 66-2/3 percent in aggregate principal amount of the Registrable Securities at the time outstanding. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) Inspection. For so long as this Agreement shall be in effect, this Agreement and a complete list of the names and addresses of all the holders of Registrable Securities shall be made available upon reasonable notice to the Company for inspection and copying on any business day by any holder of Registrable Securities at the offices of the Company at the address thereof set forth in Section 9(c) above and at the office of the Trustee under the Indenture.

(j) Counterparts. This agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

Agreed to and accepted as of the date referred to above.

PHILLIPS-VAN HEUSEN CORPORATION

By: /s/

Name: Emanuel Chirico
Title: Vice President and Controller

GOLDMAN, SACHS & CO.
CHASE SECURITIES INC.
CITICORP SECURITIES, INC.

By: GOLDMAN, SACHS & CO.

/s/

(Goldman, Sachs & Co.)

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A NOTE REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE

OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PHILLIPS-VAN HEUSEN CORPORATION

9-1/2% SENIOR SUBORDINATED NOTES DUE 2008

CUSIP No.

No. $_____

Phillips-Van Heusen Corporation, a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to the Depository Trust Company, or registered assigns, the principal sum of _____ _____ (such amount the "principal amount" of this Note), or such other principal amount (which, when taken together with the principal amounts of all other Outstanding Notes, shall not exceed $150,000,000 in the aggregate at any time) as may be set forth in the records of the Trustee hereinafter referred to in accordance with the Indenture, on May 1, 2008 and to pay interest thereon from April 22, 1998, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on May 1 and November 1 in each year, commencing November 1, 1998, at the rate of 9-1/2% per annum, until the principal hereof is paid or made available for payment; provided that, if any Registration Default occurs under the Exchange and Registration Rights Agreement, then the per annum interest rate on the applicable principal amount will increase for the period from and including the date of the occurrence of the Registration Default to but excluding such date as no Registration Default is in effect (at which time the interest rate will be reduced to its initial rate) at a per annum rate of 0.5% for the first 90-day period following the occurrence of such Registration Default, and by an additional 0.5% thereafter (up to a maximum of 1.0%) (such additional interest being hereafter referred to as "Special Interest"), and provided, further, that any amount of interest on this Note which is overdue shall bear interest (to the extent that payment thereof shall be legally enforceable) at the rate per annum then borne by this Note from the date such amount is due to the day it is paid or made available for payment, and such overdue interest shall be payable on demand.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose

name this Note (or one or more Predecessor Notes) is registered at the close of business on the Regular Record Date for such interest, which shall be the April 15 or October 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date, provided that any accrued and unpaid interest (including Special Interest) on this Note upon the issuance of an Exchange Note in exchange for this Note shall cease to be payable to the Holder hereof and shall be payable on the next Interest Payment Date for such Exchange Note to the Holder thereof on the related Regular Record Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on the relevant Regular Record Date and may either be paid to the Person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Notes not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Interest on this Note shall be computed on the basis set forth in the Indenture.

Payment of the principal of (and premium, if any) and any such interest on this Note will be made at the office or agency of the Company in the Borough of Manhattan, The City of New York, New York, maintained for such purpose and at any other office or agency maintained by the Company for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register; provided further that all payments of the principal (and premium, if any) and interest on Notes, the Holders of which have given wire transfer instructions to the Company or its agent at least 10 Business Days prior to the applicable payment date will be required to be made by wire transfer of immediately available funds to the accounts specified by such Holders in such instructions. Notwithstanding the foregoing, the final payment of principal shall be payable only upon surrender of this Note to the Trustee.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further

provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

PHILLIPS-VAN HEUSEN CORPORATION

[SEAL]

By_____

Attest:

- ------------------------------

Trustee's Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

---

as Trustee

By _____
Authorized Officer

This Note is one of a duly authorized issue of Notes of the Company designated as its 9-1/2% Senior Subordinated Notes due May 1, 2008 (herein called the "Notes"), limited in aggregate principal amount to $150,000,000, issued and to be issued under an Indenture, dated as of April 22, 1998 (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and Union Bank of California, N.A., as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered.

The Notes will be subject to redemption, at the option of the Company, in whole or in part, at any time on or after May 1, 2003 and prior to maturity, upon not less than 30 nor more than 60 days' notice mailed to each Holder of Notes to be redeemed at such Holder's address appearing in the Security Register, in amounts of $1,000 or an integral multiple of $1,000, at the following Redemption Prices (expressed as percentages of the principal amount) plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date), if redeemed during the 12-month period beginning May 1 of the years indicated:

Year	Redemption Price
2003	104.750%
2004	103.167%
2005	101.583%
2006 and thereafter	100.000%

In addition, if on or before May 1, 2001 the Company receives net proceeds from the sale of its Common Stock in one or more Public Equity Offerings, the Company may, at its option use an amount equal to all or a portion of any such net proceeds to redeem Notes in an aggregate principal amount of up to 33a% of the original aggregate principal amount of the Notes, provided, however, that Notes having a principal amount equal to at least 66b% of the original aggregate principal amount of the Notes remain

outstanding after such redemption. Such redemption must occur on a Redemption Date within 90 days of such sale and upon not less than 30 nor more than 60 days= notice mailed to each Holder of Notes to be redeemed at such Holder=s address appearing in the Security Register, in amounts of $1,000 or an integral multiple of $1,000, at a redemption price of 109.50% of the principal amount of the Notes plus accrued interest to but excluding the Redemption Date (subject to the right of Holders of record on the relevant Regular Record Date to receive interest due on an Interest Payment Date that is on or prior to the Redemption Date).

If less than all the Notes are to be redeemed, the Trustee shall select, in such manner as it shall deem fair and appropriate, the particular Notes to be redeemed or any portion thereof that is an integral multiple of $1,000.

The Notes do not have the benefit of any sinking fund obligations.

The Indenture provides that, subject to certain conditions, if (i) certain Net Available Proceeds are available to the Company as a result of Asset Dispositions or (ii) a Change of Control occurs, the Company shall be required to make an Offer to Purchase for all or a specified portion of the Notes.

In the event of redemption or purchase pursuant to an Offer to Purchase of this Note in part only, a new Note or Notes of like tenor for the unredeemed or unpurchased portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

If an Event of Default shall occur and be continuing, the principal of all the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture contains provisions for defeasance at any time of (i) the entire indebtedness of this Note having been paid or discharged or (ii) certain restrictive covenants and Events of Default with respect to this Note having occurred, in each case upon compliance with certain conditions set forth therein.

The Notes shall be subordinated in right of payment to Senior Debt of the Company as provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding, on behalf of the Holders of all the Notes, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the Holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, the Holders of not less than 25% in aggregate principal amount of the Notes at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Notes at the time Outstanding a direction inconsistent with such request and shall have failed to institute any such proceeding for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to certain suits described in the Indenture, including any suit instituted by the Holder of this Note for the enforcement of any payment of principal hereof or any premium (if any) or interest hereon on or after the respective due dates expressed herein (or, in the case of redemption, on or after the Redemption Date or, in the case of any purchase of this Note required to be made pursuant to an Offer to Purchase, on the Purchase Date).

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any)

and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the Security Register, upon surrender of this Note for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of $1,000 principal amount and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for all purposes (subject to the provisions hereof with respect to determination of the Person to whom interest is payable), whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Interest on this Note shall be computed on the basis of a 360-day year of twelve 30-month days.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Note shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the standard of

performance by the Trustee of its duties hereunder shall be governed by the laws of the State of California.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased in its entirety by the Company pursuant to Section 1014 or 1016 of the Indenture, check the box:

/ /

If you want to elect to have only a part of this Note purchased by the Company pursuant to Section 1014 or 1016 of the Indenture, state the principal amount of this Note you want to elect to have so purchased by the Company: $_____

Dated:_____ Your Signature:_____
(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:_____
Notice: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

June __, 1998

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, NW
Washington, DC 20549

E-MAIL ADDRESS
ehcohen@rosenman.com

Ladies and Gentlemen:

We have acted as counsel to Phillips-Van Heusen Corporation (the "Company"), a Delaware corporation, in connection with the registration statement (the "Registration Statement") on Form S-4 filed with the Securities and Exchange Commission on June __, 1998 in connection with the registration of $150,000,000 aggregate principal amount of 9 1/2% Senior Subordinated Notes due 2008 (the "Notes") of the Company.

In rendering this opinion, we have examined (i) the Indenture between the Company and Union Bank of California, N.A., dated as of April 22, 1998, pursuant to which the Notes will be issued; (ii) the Notes; (iii) the Registration Statement; (iv) the Restated Certificate of Incorporation of the Company; (v) the Amended and Restated By-laws of the Company; (vi) resolutions of the Board of Directors of the Company, dated April __, 1998, and (vii) such other documents, and made such inquiries as to questions of law, as we have deemed necessary.

Based upon the foregoing, it is our opinion that when (i) the Notes have been (a) duly authenticated in accordance with the Indenture and (b) issued, exchanged and delivered in the manner and for the consideration stated in the Indenture, the Prospectus and the Letter of Transmittal, which have been, or forms of which have been, filed as part of, or as exhibits to, the Registration Statement; (ii) the Registration Statement has become effective under the Securities Act of 1933, and (iii) the Notes have been qualified as required under the laws of those jurisdictions in which they are to be issued and exchanged, the Notes will be legally issued, fully paid and non-assessable and valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization or other similar laws, now or hereafter in effect, and equitable considerations of any court before which enforcement may be sought.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name in the Registration Statement, including the Prospectus

constituting a part thereof, and any amendments or supplements thereto, under the caption "Validity of the Exchange Notes."

Very truly yours,

ROSENMAN & COLIN LLP

By:_____
A Partner

EXHIBIT 12

PHILLIPS-VAN HEUSEN CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLARS IN THOUSANDS)

	52 WEEKS ENDED JANUARY 30, 1994	52 WEEKS ENDED JANUARY 29, 1995	52 WEEKS ENDED JANUARY 28, 1996	53 WEEKS ENDED FEBRUARY 2, 1997
Earnings:				
Net income (loss)	$ 31,858	$30,015	$ 294	$18,530
Add:				
Provision for income taxes	20,380	6,894	(2,920)	6,044
Extraordinary loss	11,394			
Fixed charges	37,020	36,543	51,122	50,217
Earnings	$ 100,652	$73,452	$48,496	$74,791
Fixed Charges:				
Interest expense	$ 17,518	$14,368	$23,857	$23,857
Interest factor of rents	19,502	22,175	27,265	26,360
Fixed charges	$ 37,020	$36,543	$51,122	$50,217
Ratio of earnings to fixed charges	2.7x	2.0x	Note 1	1.5x

	52 WEEKS ENDED FEBRUARY 1, 1998	13 WEEKS ENDED MAY 4, 1997 (UNAUDITED)	13 WEEKS ENDED MAY 3, 1998 (UNAUDITED)
Earnings:			
Net income (loss)	$ (66,579)	$(4,540)	$(5,545)
Add:			
Provision for income taxes	(41,246)	(2,078)	(2,427)
Extraordinary loss			1,060
Fixed charges	46,561	11,343	11,643
Earnings	$ (61,264)	$ 4,725	$ 4,731
Fixed Charges:			
Interest expense	$ 21,122	$ 5,001	$ 5,540
Interest factor of rents	25,439	6,342	6,103
Fixed charges	$ 46,561	$11,343	$11,643
Ratio of earnings to fixed charges	Note 1	Note 1	Note 1

- ----------

(1) Earnings were inadequate to cover fixed charges by $2,626, $107,825, $6,618 and $6,912 for the 52 weeks ended January 28, 1996 and February 1, 1998 and the 13 weeks ended May 4, 1997 and May 3, 1998, respectively.

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions 'Experts', 'Summary Consolidated Financial Information' and 'Selected Consolidated Financial Information' and the use of our report dated March 10, 1998, except for the Long-Term Debt note, as to which the date is April 22, 1998, in the Registration Statement on Form S-4 and the related Prospectus of Phillips-Van Heusen Corporation for the registration of $150,000,000 of its 9 1/2% Senior Subordinated Notes due 2008.

We also consent to the incorporation by reference therein of our report dated April 14, 1998 with respect to the financial statement schedule of Phillips-Van Heusen Corporation for the years ended February 1, 1998, February 2, 1997 and January 28, 1996 included in the Annual Report (Form 10-K) for 1998 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

New York, New York
June 17, 1998

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

We are aware of the use of our report dated May 20, 1998 relating to the unaudited condensed consolidated interim financial statements of Phillips-Van Heusen Corporation which are included in its Form 10-Q for the 13 weeks ended May 3, 1998 and in the Registration Statement on Form S-4 and the related Prospectus of Phillips-Van Heusen Corporation for the registration of $150,000,000 of its 9 1/2% Senior Subordinated Notes due 2008.

/s/ Ernst & Young LLP

New York, New York
June 17, 1998

EXHIBIT 99.1

LETTER OF TRANSMITTAL
OFFER TO EXCHANGE
9 1/2% SENIOR SUBORDINATED NOTES DUE 2008
FOR ANY AND ALL OUTSTANDING
9 1/2% SENIOR SUBORDINATED NOTES DUE 2008
OF
PHILLIPS-VAN HEUSEN CORPORATION
THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME,
ON JULY , 1998, UNLESS EXTENDED BY
PHILLIPS-VAN HEUSEN CORPORATION (THE 'EXPIRATION DATE').

The Exchange Agent for the Exchange Offer is:
Union Bank of California, N.A.

BY HAND, OVERNIGHT COURIER OR MAIL:
Union Bank of California, N.A.
475 Sansome Street
12th Floor
San Francisco, California 94111
Attention: Gillian Wallace, Corporate Trust Division

or

BY FACSIMILE:
Union Bank of California, N.A.
Attention: Gillian Wallace, Corporate Trust Division
Facsimile Number: (415) 296-6757

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. THE INSTRUCTIONS CONTAINED HEREIN SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used either if certificates of Initial Notes are to be forwarded herewith to the Exchange Agent or if delivery of Initial Notes is to be made by book-entry transfer to an account maintained by the Exchange Agent at The Depository Trust Company ('DTC'), pursuant to the procedures set forth in the section of the Prospectus entitled 'The Exchange Offer--Book-Entry Transfer'. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The term 'Holder' with respect to the Exchange Offer means any person in whose name Initial Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered Holder or any person whose Initial Notes are held of record by DTC.

Holders whose Initial Notes are not immediately available or who cannot deliver their Initial Notes and all other documents required hereby to the Exchange Agent on or prior to the Expiration Date may tender their Initial Notes according to the guaranteed delivery procedure set forth in the Prospectus under the caption 'The Exchange Offer--Guaranteed Delivery Procedure'.

The undersigned must check the appropriate boxes at page 6 below and sign this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned acknowledges receipt of the Prospectus dated June , 1998 (the 'Prospectus') of Phillips-Van Heusen Corporation (the 'Company'), and this Letter of Transmittal (the 'Letter of Transmittal'), which together describe the Company's offer (the 'Exchange Offer') to exchange $1,000 in principal amount of 9 1/2% Senior Subordinated Notes due 2008 (the 'Exchange Notes') for each $1,000 in principal amount of the Company's outstanding 9 1/2% Senior Subordinated Notes due 2008 (the 'Initial Notes'). The terms of the Exchange Notes are substantially identical in all respects (including principal amount, interest rate and maturity) to the terms of the Initial Notes for which they may be exchanged pursuant to the Exchange Offer, except that the Exchange Notes are freely transferable by Holders thereof (except as provided herein or in the Prospectus) and are issued without any right to registration under the Securities Act of 1933 (the 'Securities Act'). Capitalized terms used herein but not defined herein have the meanings ascribed to them in the Prospectus.

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the principal amount of the Initial Notes indicated in Box 1 below. The undersigned is the registered owner of all the Initial Notes, and the undersigned represents that it has received from each beneficial owner of tendered Initial Notes ('Beneficial Owner(s)') a duly completed and executed form of 'Instructions to Registered Holder from Beneficial Owner' accompanying this Letter of Transmittal, instructing the undersigned to take the action described in this Letter of Transmittal.

Subject to, and effective upon, the acceptance for exchange of the Initial Notes tendered herewith, the undersigned hereby irrevocably exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Initial Notes. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Exchange Agent acts as the agent of the Company in connection with the Exchange Offer) to cause the Initial Notes to be assigned, transferred and exchanged. The undersigned agrees that acceptance of any and all validly tendered Initial Notes by the Company and the issuance of Exchange Notes in exchange therefor shall constitute performance in full by the Company of its obligations under the Registration Rights Agreement and that the Company shall have no further obligations or liabilities thereunder.

The undersigned hereby represents and warrants that the undersigned accepts the terms and conditions of the Exchange Offer and has full power and authority to tender, exchange, assign and transfer the Initial Notes tendered hereby and to acquire Exchange Notes issuable upon the exchange of such tendered Initial Notes, and that, when such tendered Initial Notes are accepted for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned and each Beneficial Owner will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete and give effect to the transactions contemplated hereof.

The undersigned represents that it and each Beneficial Owner acknowledge that the Exchange Offer is being made in reliance on an interpretation by the staff of the Commission, not issued in connection with the Company or the Exchange Offer, to the effect that the Exchange Notes issued pursuant to the Exchange Offer in exchange for the Initial Notes may be offered for resale, resold and otherwise transferred by a Holder thereof (other than any such Holder which is an 'affiliate' of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such Holder's business and such Holder has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes, and as to broker-dealer prospectus delivery requirements, subject to the provisions of the paragraph below. See 'Shearman & Sterling', SEC No-Action Letter (available July 2, 1993). Any Holder who tenders in the Exchange Offer for the purpose of participating in a distribution of the Exchange Notes

cannot rely on such interpretation by the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. See 'Morgan Stanley & Co., Inc.', SEC No-Action Letter (available June 5, 1991), and 'Exxon Capital Holdings Corporation', SEC No-Action Letter (available May 13, 1988).

The undersigned hereby represents and warrants that (i) the Exchange Notes or interests therein received by the undersigned and any Beneficial Owner(s) pursuant to the Exchange Offer are being acquired by the undersigned and any Beneficial Owner(s) in the ordinary course of business of the undersigned and any Beneficial Owner(s) receiving such Exchange Notes, (ii) neither the undersigned nor any Beneficial Owner(s) is participating, intends to participate or has an arrangement or understanding with any person to participate in the distribution of such Exchange Notes, (iii) the undersigned and any Beneficial Owner(s) acknowledge that any person who is a broker-dealer under the Exchange Act or is participating in the Exchange Offer for the purpose of distributing the Exchange Notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale of the Exchange Notes and any interest therein acquired by such person and cannot rely on the position of the staff of the Commission set forth in the no-action letters that are discussed above, (iv) the undersigned and each Beneficial Owner understand that a secondary resale transaction described in the preceding clause (iii) and any resale of the Exchange Notes and any interest therein obtained by the undersigned and in exchange for the Initial Notes originally acquired by the undersigned directly from the Company should be covered by an effective registration statement containing the selling security holder information required by Item 507 and 508, as applicable, of Regulation S-K of the Commission, and (v) neither the undersigned nor any Beneficial Owner(s) is an 'affiliate', as defined in Rule 405 under the Securities Act, of the Company, or if either the undersigned or any Beneficial Owner(s) is an affiliate, that the undersigned and any such Beneficial Owner(s) will comply with the prospectus delivery requirements of the Securities Act in connection with the disposition of any Exchange Notes to the extent applicable. If the undersigned or any Beneficial Owner(s) is a broker-dealer, the undersigned further represents that (x) it and any such Beneficial Owner(s) acquired Initial Notes for the undersigned's and any such Beneficial Owner's own account as a result of market-making activities or other trading activities, (y) neither the undersigned nor any Beneficial Owner(s) has entered into any arrangement or understanding with the Company or any 'affiliate' of the Company (within the meaning of Rule 405 under the Securities Act) to distribute the Exchange Notes to be received in the Exchange Offer and (z) the undersigned and any Beneficial Owner(s) acknowledge that the undersigned and any Beneficial Owner(s) will deliver a copy of a prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an 'underwriter' within the meaning of the Securities Act. The Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with the resales of Exchange Notes received in exchange for Initial Notes where Initial Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company intends to make the Prospectus (as it may be amended or supplemented) available to any broker-dealer for use in connection with any such resale for a period of 180 days after the expiration date of the Exchange Offer.

The Exchange Offer is not being made to, nor will tenders be accepted from or on behalf of, Holders of the Initial Notes in any jurisdiction in which the making of the Exchange Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction or would otherwise not be in compliance with any provision of any applicable security law. For purposes of compliance with state blue sky laws, the undersigned represents and warrants to the Company that the state in which each Beneficial Owner's principal business office is located or the state of each Beneficial Owner's principal residence is one of the states which is listed on Schedule A attached hereto. The undersigned hereby represents and warrants that the information set forth in Box 2 is true and correct.

The undersigned acknowledges that prior to the Exchange Offer, there has been no public market for the Initial Notes or the Exchange Notes. The Company does not intend to list the Exchange Notes on a national securities exchange. There can be no assurance that an active market for the Exchange Notes will develop. The undersigned understands and acknowledges that the Company reserves the

right in its sole discretion to purchase or make offers for any Initial Notes that remain outstanding subsequent to the Expiration Date and, to the extent permitted by applicable law, purchase Initial Notes in the open market, in privately negotiated transactions or otherwise.

The undersigned understands that tenders of the Initial Notes pursuant to any one of the procedures described in the Prospectus under the caption 'Exchange Offer' and in the instructions hereto will constitute a binding agreement between the undersigned and the Company in accordance with the terms and subject to the conditions of the Exchange Offer.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Letters of Transmittal or Initial Notes tendered for exchange, and of withdrawal of the tendered Initial Notes, will be determined by the Company in its sole discretion, which determination shall be final and binding. The Company reserves the absolute right to reject any and all tenders of any particular Initial Notes not properly tendered or if, in the sole judgment of the Company, (i) the Exchange Offer would violate any law, statute, rule or regulation or an interpretation thereof of the staff of the Commission or (ii) any governmental approval has not been obtained, which approval the Company deems necessary for the consummation of the Exchange Offer. The Company also reserves the absolute right to waive any defects of irregularities as to any particular Initial Notes or conditions of the Exchange Offer either before or after the Expiration Date (including the right to waive the ineligibility of any Holder who seeks to tender Initial Notes in the Exchange Offer). The interpretation of the terms and conditions of the Exchange Offer by the Company shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Initial Notes to exchange must be cured within such reasonable period of time as the Company shall determine. None of the Company, the Exchange Agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of Initial Notes for exchange, nor shall any of them incur any liability for failure to give such notification. Tenders of Initial Notes will not be deemed to have been made until such irregularities have been cured or waived. Any Initial Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such Holder by the Exchange Agent to the tendering Holders of Initial Notes, as soon as practicable following the Expiration Date.

All authority herein conferred or agreed to be conferred shall not be affected by, and shall survive, the death or incapacity of the undersigned and any Beneficial Owner(s), and every obligation of the undersigned or any Beneficial Owner(s) shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned and any Beneficial Owner(s). The undersigned also agrees that except as provided in the Prospectus and set forth in Instruction 3 below, the Initial Notes tendered hereby cannot be withdrawn.

Certificates for all Exchange Notes delivered in exchange for tendered Initial Notes and any Initial Notes delivered herewith but not exchanged, and registered in the name of the undersigned, shall be delivered to the undersigned at the address shown below the signature of the undersigned, unless otherwise indicated on page 6.

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED 'DESCRIPTION OF INITIAL NOTES TENDERED HEREWITH' BELOW AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE INITIAL NOTES AND MADE THE REPRESENTATIONS DESCRIBED HEREIN AND IN THE PROSPECTUS.

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS)

- ---

(SIGNATURE(S) OF HOLDER(S))

Date: ___, 1998

(Must be signed by registered Holder(s) exactly as name(s) appear(s) on certificate(s) of Initial Notes. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, please set forth the full title of such person.) See Instruction 4.

Name(s):

(PLEASE PRINT)

Capacity (full title):

Address:

(INCLUDING ZIP CODE)

Area Code and Telephone No.:

Taxpayer Identification No.:

GUARANTEE OF SIGNATURE(S)
(IF REQUIRED--SEE INSTRUCTION 4)

Authorized Signature:

Name:

Title:

Address:

Name of Firm:

Area Code and Telephone No.:

Date:__, 1998

PLEASE READ THE ENTIRE LETTER OF TRANSMITTAL AND THE PROSPECTUS CAREFULLY BEFORE CHECKING ANY BOX BELOW

YOUR BANK OR BROKER CAN ASSIST YOU IN COMPLETING THIS FORM. THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE PROSPECTUS AND THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE EXCHANGE AGENT.

A Holder that is a participant in The Depository Trust Company's system may utilize The Depository Trust Company's Automated Tender Offer Program to tender Initial Notes.

/ / CHECK HERE IF YOU ARE TENDERING INITIAL NOTES IN CERTIFICATED FORM AND WISH TO RECEIVE AN INTEREST IN THE GLOBAL EXCHANGE NOTE AND COMPLETE THE FOLLOWING:

Account Number: _____

Transaction Code Number: _____

/ / CHECK HERE IF YOU ARE TENDERING INITIAL NOTES IN CERTIFICATED FORM AND WISH TO RECEIVE EXCHANGE NOTES IN CERTIFICATED FORM.

/ / CHECK HERE IF TENDERED INITIAL NOTES ARE ENCLOSED HEREWITH.

/ / CHECK HERE IF TENDERED INITIAL NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: _____ / / The Depository Trust Company

Account Number: _____

Transaction Code Number: _____

/ / CHECK HERE IF TENDERED INITIAL NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name of Registered Holder(s): _____

Name of Eligible Institution that Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer: _____

Account Number: _____

/ / CHECK HERE ONLY IF EXCHANGE NOTES OR UNEXCHANGED INITIAL NOTES DELIVERED HEREWITH ARE TO BE SENT TO SOMEONE OTHER THAN THE UNDERSIGNED, OR TO THE UNDERSIGNED AT AN ADDRESS OTHER THAN THAT SHOWN ABOVE.

Mail Exchange Notes to:

Name: _____

(PLEASE PRINT)

Address: _____

Tax Identification Number: _____

Social Security No.: _____

/ / CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____

Address: _____

List in Box 1 the Initial Notes to which this Letter of Transmittal relates. If the space provided below is inadequate, information should be listed on a separate signed schedule affixed hereto.

BOX 1
DESCRIPTION OF INITIAL NOTES TENDERED HEREWITH

NAME(S) AND ADDRESSES OF REGISTERED HOLDER(S) (PLEASE FILL IN)	CERTIFICATE NUMBER(S)*	AGGREGATE PRINCIPAL AMOUNT REPRESENTED BY INITIAL NOTES*	PRINCIPAL AMOUNT TENDERED*
	TOTAL		

* Need not be completed by book-entry Holders.
** Unless otherwise indicated, the Holder will be deemed to have tendered the full aggregate principal amount represented by such Initial Notes. See Instruction 3.

BOX 2
BENEFICIAL OWNER(S)

STATE OF PRINCIPAL RESIDENCE OR PRINCIPAL PLACE OF BUSINESS OF EACH BENEFICIAL OWNER OF TENDERED INITIAL NOTES	PRINCIPAL AMOUNT OF TENDERED INITIAL NOTES HELD FOR ACCOUNT OF BENEFICIAL OWNER		

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS
OF THE EXCHANGE OFFER

1. DELIVERY OF THIS LETTER OF TRANSMITTAL AND CERTIFICATES; GUARANTEED DELIVERY PROCEDURES.

Certificates for all physically delivered Initial Notes or confirmation of any book-entry transfer to the Exchange Agent's account at the Book-Entry Transfer Facility of Initial Notes tendered by book-entry transfer, as well as a properly completed and duty executed copy of this Letter of Transmittal or facsimile thereof, and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at any of its addresses set forth on the front page of this Letter of Transmittal prior to 5:00 p.m., New York City time, on the Expiration Date (as defined in the Prospectus).

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, THE INITIAL NOTES AND ANY OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDER, AND EXCEPT AS OTHERWISE PROVIDED BELOW, THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF SUCH DELIVERY IS BY MAIL, IT IS SUGGESTED THAT REGISTERED MAIL WITH RETURN RECEIPT REQUESTED BE USED, PROPER INSURANCE BE OBTAINED AND THE MAILING BE MADE SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT DELIVERY TO THE EXCHANGE AGENT ON OR BEFORE THE EXPIRATION DATE.

Holders who wish to tender their Initial Notes but whose Initial Notes are not immediately available or who cannot deliver their Initial Notes and all other required documents to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date or comply with book-entry transfer procedures on a timely basis may tender their Initial Notes pursuant to the guaranteed delivery procedure set forth in the Prospectus under 'The Exchange Offer--Guaranteed Delivery Procedure'. Such Holders' tender may be effected if:

(a) such tender is made by or through an Eligible Institution (as defined below);

(b) on or prior to the Expiration Date, the Exchange Agent has received from such Eligible Institution (a) either a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) or a properly transmitted Agent's Message and (b) a Notice of Guaranteed Delivery, substantially in the form provided by the Company, by hand or mail, or facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) setting forth the name and address of such Holder of Initial Notes and the amount of Initial Notes tendered, stating that the tender is being made thereby and guaranteeing that within three business days (as defined in the Prospectus) after the Expiration Date, that the Initial Notes in proper form for transfer or a Book-Entry Confirmation and all other documents required by this Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

(c) a Book-Entry Confirmation or the certificates relating to the Initial Notes in registered form and all other documents required by this Letter of Transmittal, are received by the Exchange Agent within three business days (as defined in the Prospectus) after the Expiration Date.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering Holders, by execution of this Letter of Transmittal (or facsimile thereof), shall waive any right to receive notice of the acceptance of the Initial Notes for exchange.

2. BENEFICIAL OWNER INSTRUCTIONS TO REGISTERED HOLDERS.

Only a Holder in whose name tendered Initial Notes are registered on the books of the registrar (or the legal representative or attorney-in-fact of such registered Holder) may execute and deliver this Letter of Transmittal. Any Beneficial Owner of tendered Initial Notes who is not the registered Holder must arrange promptly with the registered Holder to execute and deliver this Letter of Transmittal on his or her behalf through the execution and delivery to the registered Holder of the 'Instructions to Registered Holder from Beneficial Owner' form accompanying this Letter of Transmittal.

3. PARTIAL TENDER; WITHDRAWALS.

If less than the entire principal amount of Initial Notes evidenced by a submitted certificate is tendered, the tendering Holder should fill in the principal amount tendered in the box entitled 'Principal Amount Tendered'. A newly issued certificate for the principal amount of Initial Notes submitted but not tendered will be sent to such

Holder as soon as practicable after the Expiration Date. All Initial Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

Initial Notes tendered pursuant to the Exchange Offer may be withdrawn at any time prior to the Expiration Date. For a withdrawal to be effective, a written notice of withdrawal sent by telegram, facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight courier) or letter must be received by the Exchange Agent at the address set forth herein prior to the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having tendered the Initial Notes to be withdrawn (the 'Depositor'), (ii) identify the Initial Notes to be withdrawn (including the certificate number or numbers of such Initial Notes and the principal amount of each such Initial Note), (iii) specify the principal amount of Initial Notes to be withdrawn, (iv) include a statement that such Holder is withdrawing his election to have such Initial Notes exchanged, (v) be signed by the Holder in the same manner as the original signature on the Letter of Transmittal by which such Initial Notes were tendered or as otherwise described in the Prospectus (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the Trustee under the Indenture register the transfer of such Initial Notes into the name of the person withdrawing the tender and (vi) specify the name in which any such Initial Notes are to be registered, if different from that of the Depositor. The Exchange Agent will return the properly withdrawn Initial Notes promptly following receipt of notice of withdrawal. If Initial Notes have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Initial Notes or otherwise comply with the Book-Entry Transfer Facility procedure. All questions as to the validity, form and eligibility of such notices of withdrawals, including time of receipt, will be determined by the Company and such determination will be final and binding, on all parties.

4. SIGNATURE ON THIS LETTER OF TRANSMITTAL; WRITTEN INSTRUMENTS AND ENDORSEMENTS; GUARANTEE OF SIGNATURES.

If this Letter of Transmittal is signed by the registered Holder(s) of the Initial Notes tendered hereby, the signature must correspond with the name(s) as written on the face of the certificates without alteration or any change whatsoever.

If any of the Initial Notes tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any of the Initial Notes tendered hereby are registered in several names, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of Initial Notes.

When this Letter of Transmittal is signed by the registered Holder or Holders (which term, for the purposes described herein, shall include the Book-Entry Transfer Facility whose name appears on a security listing as the owner of the Initial Notes) of Initial Notes listed and tendered hereby, no endorsements of certificates or separate written instruments of transfer or exchange are required.

If this Letter of Transmittal is signed by a person other than the registered Holder or Holders of the Initial Notes listed, such Initial Notes must be endorsed or accompanied by separate written instruments of transfer or exchange in form satisfactory to the Company and duly executed by the registered Holder, in either case signed exactly as the name or names of the registered Holder or Holders appear(s) on the Initial Notes.

If this Letter of Transmittal or any certificates or separate written instruments of transfer or exchange are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of a corporation or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted.

Endorsements on certificates or signatures on separate written instruments of transfer or exchange required by this Instruction 4 must be guaranteed by an Eligible Institution.

Signatures on this Letter of Transmittal or notice of withdrawal need not be guaranteed by an Eligible Institution, provided the Initial Notes are tendered: (i) by a registered Holder of such Initial Notes or (ii) for the account of an Eligible Institution.

For purposes of this Letter of Transmittal, an 'Eligible Institution' shall mean any bank, broker, dealer, credit union, savings association, clearing agency or other institution that is a member of a recognized signature guarantee medallion program within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934.

5. TRANSFER TAXES.

The Company will pay all transfer taxes, if any, applicable to the exchange of Initial Notes pursuant to the Exchange Offer. If, however, certificates representing Exchange Notes or Initial Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Initial Notes tendered, or if tendered Initial Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Initial Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered Holder or any other persons) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering Holder.

Except as provided in this Instruction 5, it will not be necessary for transfer tax stamps to be affixed to the Initial Notes listed in this Letter of Transmittal.

6. MUTILATED, LOST, STOLEN OR DESTROYED INITIAL NOTES.

Any Holder whose Initial Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

7. ACCEPTANCE OF TENDERED INITIAL NOTES AND ISSUANCE OF EXCHANGE NOTES; RETURN OF INITIAL NOTES.

Subject to the terms and conditions of the Exchange Offer, the Company will accept for exchange all validly tendered Initial Notes promptly after the Expiration Date and will issue Exchange Notes therefor promptly after acceptance of the Initial Notes. For purposes of the Exchange Offer, the Company shall be deemed to have accepted tendered Initial Notes when, as and if the Company has given written or oral notice thereof to the Exchange Agent. If any tendered Initial Notes are not exchanged pursuant to the Exchange Offer for any reason, such unexchanged Initial Notes will be returned, without expense, to the undersigned at the address indicated above.

8. SUBSTITUTE FORM W-9.

Each Holder of Initial Notes whose Initial Notes are accepted for exchange (or any other such payee) is required to provide the Exchange Agent with a correct taxpayer identification number ('TIN'), generally the Holder's social security or federal employer identification number, and certain other information, on a Substitute Form W-9, a form of which is included in this Letter of Transmittal, and to certify that the Holder (or other payee) is not subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the Holder (or other payee) to a penalty imposed by the Internal Revenue Service and 31% federal income tax backup withholding on payments made in connection with the Exchange Notes. The box in Part 3 of the Substitute Form W-9 may be checked if the surrendering Holder of Initial Notes (or other payee) has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in part 3 is checked, the Holder of Initial Notes (or other payee) must also complete the Certificate of Awaiting Taxpayer Identification Number accompanying this Letter of Transmittal in order to avoid backup withholding. Notwithstanding that the box in part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Exchange Agent will withhold 31 % of all payments made prior to the time a properly certified TIN is provided to the Exchange Agent.

The Holder of Initial Notes is required to give the Exchange Agent the TIN (e.g., social security number or employer identification number) of the record owner of the Initial Notes. If the Initial Notes are in more than one name or are not in the name of the beneficial owner, consult the 'Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9' included herein for additional guidance on which number to report.

Certain Holders of Initial Notes (or other payees) (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. However, exempt Holders of Initial Notes (or other payees) should indicate their exempt status on Substitute Form W-9. For example, a corporation must complete the Substitute Form W-9, providing its TIN and indicating that it is exempt from backup withholding. In order for a foreign individual to qualify as an exempt recipient, the Holder (or other payee) must submit a Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8 can be obtained from the Exchange Agent. See the 'Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9' included herein for more instructions.

SCHEDULE A

Florida

Georgia

Illinois

Massachusetts

Missouri

New Jersey

New York

North Carolina

Ohio

Pennsylvania

Tennessee

Texas

Wisconsin

INSTRUCTIONS TO REGISTERED HOLDER
FROM BENEFICIAL OWNER
WITH RESPECT TO
PHILLIPS-VAN HEUSEN CORPORATION
9 1/2% SENIOR SUBORDINATED NOTES DUE 2008

The undersigned hereby acknowledges receipt of the Prospectus dated June , 1998 (the 'Prospectus') of Phillips-Van Heusen Corporation (the 'Company'), and the accompanying Letter of Transmittal (the 'Letter of Transmittal'), that together constitute the Company's offer (the 'Exchange Offer') to exchange $1,000 in principal amount of its 9 1/2% Senior Subordinated Notes due 2008 (the 'Exchange Notes') for each $1,000 in principal amount of its outstanding 9 1/2% Senior Subordinated Notes due 2008 (the 'Initial Notes'). Capitalized terms used herein but not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder, as to the action to be taken by you relating to the Exchange Offer with respect to the Initial Notes held by you for the account of the undersigned.

The aggregate face amount of the Initial Notes held by you for the account of the undersigned is (fill in amount):

$ of the 9 1/2% Senior Subordinated Notes due 2008.

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

/ / To TENDER the following Initial Notes held by you for the account of the undersigned (insert principal amount of initial notes to be tendered, * if any):

$ of the 9 1/2% Senior Subordinated Notes due 2008.

* The minimum permitted tender is $1,000 in principal amount of Initial Notes. All other tenders must be integral multiples of $1,000 of principal amount.

/ / NOT to TENDER any Initial Notes held by you for the account of the undersigned.

If the undersigned instructs you to tender the Initial Notes held by you for the account of the undersigned, it is understood that you are authorized (a) to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a Beneficial Owner (as defined in the Letter of Transmittal), including, but not limited to, representations to the effect that (i) the undersigned's principal residence or principal business office is in the state of (fill in state) which is listed on Schedule A attached to the Letter of Transmittal, (ii) the undersigned is acquiring the Exchange Notes or interests therein in the ordinary course of business of the undersigned, (iii) the undersigned is not participating, does not intend to participate, and has no arrangement or understanding with any person to participate, in the distribution of the Exchange Notes, (iv) the undersigned acknowledges that any person who is a broker-dealer registered under the Exchange Act or is participating in the Exchange Offer for the purpose of distributing the Exchange Notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale of the Exchange Notes or any interest therein acquired by such person and cannot rely on the position of the staff of the Commission set forth in the no-action letters that are discussed in the section of the Prospectus entitled 'Exchange Offer' and the Letter of Transmittal, (v) the undersigned understands that a secondary resale transaction described in clause (iv) above and any resale of the Exchange Notes and any interest therein obtained by the undersigned in exchange for the Initial Notes originally acquired by the undersigned directly from the Company should be covered by an effective registration statement containing the selling security holder information required by Items 507 and 508, as applicable, of Regulation S-K of the Commission, and (vi) except as otherwise disclosed in writing herewith, the undersigned is not an 'affiliate', as defined in Rule 405 under the Securities Act of the Company; (b) to agree, on behalf of the undersigned, as set forth in the Letter of Transmittal and (c) to take such other action as may be necessary under the Prospectus or the Letter of Transmittal to effect the valid tender of such Initial Notes. If the undersigned is a broker-dealer, the undersigned further (x) represents that it acquired Initial Notes for the undersigned's own account as a result of market-making activities or other trading activities, (y) represents that it has not entered into any arrangement or understanding with the Company or any 'affiliate' of the Company (within the meaning of Rule 405 under the Securities Act) to distribute the Exchange Notes to be received in the Exchange Offer and (z) acknowledges that it will deliver a copy of a Prospectus meeting the requirements of the Securities Act in connection with any resale of Exchange Notes.

SIGN HERE

Name of Beneficial Owner(s): _____

Signature(s): _____

Name(s): _____
(PLEASE PRINT)

Address: _____

_____

Telephone Number: _____

Taxpayer Identification or Social Security Number:_____

Date:_____

PAYOR'S NAME: UNION BANK OF CALIFORNIA, N.A., AS EXCHANGE AGENT

SUBSTITUTE
FORM W-9
DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE

PAYOR'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER ('TIN')

PART 1--Please provide your TIN in the box at right and certify by signing and dating below.

Social Security Number(s) or Employer Identification Number

PART 2--CERTIFICATION: Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued for me), and
(2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to a backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS: You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.

PART 3--
Awaiting TIN / /

Signature _____

Date _____

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN A $50 PENALTY IMPOSED BY THE INTERNAL REVENUE SERVICE AND BACKUP WITHHOLDING OF 31% OF ANY CASH PAYMENTS MADE TO YOU. PLEASE REVIEW THE 'GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9' INCLUDED HEREIN FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (i) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (ii) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable cash payments made to me thereafter will be withheld until I provide a taxpayer identification number.

Signature _____ Date _____

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GUIDE THE PAYER.--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF--
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)
3. Custodian account of a minor	The minor(2)
4. a. The usual revocable savings trust account (grantor is also a trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
5. Sole proprietorship account	The owner(3)

FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF--
6. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title)(4)
7. Corporate account	The corporation
8. Religious, charitable, or educational organization account	The organization
9. Partnership	The partnership
10. Association, club, or other tax-exempt organization	The organization
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's Social Security Number.

(3) Show the name of the owner. You may also enter your business name. You may use your Social Security Number or Employer Indentification Number.

(4) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

OBTAINING A NUMBER

If you don't have a Taxpayer Identification Number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on broker transactions include the following:

(i) A corporation.

(ii) A financial institution.

(iii) An organization exempt from tax under section 501(a), or an individual retirement plan.

(iv) The United States or any agency or instrumentality thereof.

(v) A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.

(vi) A foreign government, a political subdivision of a foreign government, or any agency, or instrumentality thereof.

(vii) An international organization or any agency or instrumentality thereof.

(viii) A registered dealer in securities or commodities registered in the United States or a possession of the United States.

(ix) A real estate investment trust.

(x) A common trust fund operated by a bank under section 584(a).

(xi) An entity registered at all times under the Investment Company Act of 1940.

(xii) A foreign central bank issue.

(xiii) A person registered under the Investment Advisors Act of 1940 who regularly acts as a broker.

Payment of interest not generally subject to backup withholding include the following:

(i) Payments to nonresident aliens subject to withholding under Section 1441.

(ii) Payments to partnerships not engaged in a trade or business in the United States and which have at least one nonresident partner.

(iii) Payments made by certain foreign organizations.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE 'EXEMPT' ON THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

PRIVACY ACT NOTICE.--Section 6019 requires most recipients of dividend, interest, or other payments to give Taxpayer Identification Numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.-- Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE IRS.

EXHIBIT 99.2

NOTICE OF GUARANTEED DELIVERY
WITH RESPECT TO
PHILLIPS-VAN HEUSEN CORPORATION
9 1/2% SENIOR SUBORDINATED NOTES DUE 2008

This form must be used by a holder of the 9 1/2% Senior Subordinated Notes due 2008 (the 'Initial Notes' of Phillips-Van Heusen Corporation (the 'Company'), who wishes to tender Initial Notes to the Exchange Agent pursuant to the guaranteed delivery procedures described in 'The Exchange Offer-- Guaranteed Delivery Procedure' of the Prospectus dated June , 1998 (the 'Prospectus') and in Instruction 1 of the Letter of Transmittal. Any holder who wishes to tender Initial Notes pursuant to such guaranteed delivery procedures must ensure that the Exchange Agent receives this Notice of Guaranteed Delivery prior to the Expiration Date of the Exchange Offer. Capitalized terms not defined herein have the meanings ascribed to them in the Prospectus or the Letter of Transmittal.

TO: UNION BANK OF CALIFORNIA, N.A.--EXCHANGE AGENT

BY HAND, OVERNIGHT COURIER OR MAIL:
Union Bank of California, N.A.
475 Sansome Street
12th Floor
San Francisco, California 94111
Attention: Gillian Wallace, Corporate Trust Division

or

BY FACSIMILE:
Union Bank of California, N.A.
Facsimile Number: (415) 296-6757
Attention: Gillian Wallace, Corporate Trust Division

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to the Company, upon the terms and subject to the conditions set forth in the Prospectus and the related Letter of Transmittal, receipt of which is hereby acknowledged, the principal amount of Initial Notes specified below pursuant to the guaranteed delivery procedures set forth in the Prospectus and in Instruction 1 of the Letter of Transmittal. The undersigned hereby tenders the Initial Notes listed below:

CERTIFICATE NUMBER(S) (IF KNOWN) OF INITIAL NOTES	AGGREGATE PRINCIPAL AMOUNT TENDERED

Name of Tendering Holder:_____
Signature(s):_____
Name(s): _____
(PLEASE PRINT)
Address:_____
_____
Telephone Number:_____
Date:_____, 1998

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a bank, broker, dealer, credit union, savings association, clearing agency or other institution that is a member of a recognized signature guarantee medallion program or is otherwise an 'eligible guarantor institution' within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, guarantees deposit with the Exchange Agent of the Letter of Transmittal, together with the Initial Notes tendered hereby, in proper form for transfer and any other required documents, all by 5:00 p.m., New York City time, before the third business day (as defined in the Prospectus) following the Expiration Date.

SIGN HERE

Name of firm: _____
(PLEASE PRINT)

Authorized Signature:_____

Name: _____
(PLEASE PRINT)

Address:_____

_____

_____

Telephone Number:_____

Date:_____

DO NOT SEND TENDERED INITIAL NOTES WITH THIS FORM. ACTUAL DELIVERY OF TENDERED INITIAL NOTES MUST BE MADE IN ACCORDANCE WITH, AND BE ACCOMPANIED BY, AN EXECUTED LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS.

INSTRUCTIONS FOR NOTICE OF GUARANTEED DELIVERY

1. Delivery of this Notice of Guaranteed Delivery. A properly completed and duly executed copy of this Notice of Guaranteed Delivery and any other documents required by this Notice of Guaranteed Delivery must be received by the Exchange Agent at its address set forth herein prior to the Expiration Date. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the Exchange Agent is at the election and risk of the holder, and the delivery will be deemed made only when actually received by the Exchange Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. Instead of delivery by mail, it is recommended that the holder use an overnight or hand delivery service. Facsimile transmission is permissible, provided, however, that receipt is confirmed by telephone and an original is delivered by guaranteed overnight courier. In all cases, sufficient time should be allowed to assure timely delivery. For a description of the guaranteed delivery procedure, see the section set forth in the Prospectus entitled 'The Exchange Offer--Guaranteed Delivery Procedure' and Instruction 1 of the Letter of Transmittal.

2. Signatures on this Notice of Guaranteed Delivery. If this Notice of Guaranteed Delivery is signed by the registered holder(s) of the tendered Initial Notes referred to herein, the signature must correspond with the name(s) written on the face of the tendered Initial Notes without alteration or any change whatsoever.

If this Notice of Guaranteed Delivery is signed by a person other than the registered holder(s) of any tendered Initial Notes listed, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed as the name of the registered holder(s) appears on the tendered Initial Notes.

If this Notice of Guaranteed Delivery is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority so to act must be submitted.

3. Requests for Assistance or Additional Copies. Questions and requests for assistance and requests for additional copies of the Prospectus may be directed to the Exchange Agent at the address specified in the Prospectus. Holders also may contact their broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the Exchange Offer.