

PHILLIPS VAN HEUSEN CORP /DE/
Form 10-Q
September 10, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 1, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 001-07572

PHILLIPS-VAN HEUSEN CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-1166910
(I.R.S. Employer
Identification No.)

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

10016
(Zip Code)

(212) 381-3500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(do not check if a smaller

reporting company)

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

The number of outstanding shares of common stock, par value \$1.00 per share, of the registrant as of August 31, 2010 was 66,352,932.

PHILLIPS-VAN HEUSEN CORPORATION

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Forward-looking statements in this Quarterly Report on Form 10-Q including, without limitation, statements relating to our future revenue and cash flows, plans, strategies, objectives, expectations and intentions, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy, and some of which might not be anticipated, including, without limitation, the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) in connection with the acquisition of Tommy Hilfiger B.V. and certain affiliated companies (collectively, Tommy Hilfiger), we borrowed significant amounts, may be considered to be highly leveraged, and will have to use a significant portion of our cash flows to service such indebtedness, as a result of which we might not have sufficient funds to operate our

businesses in the manner we intend or have operated in the past; (iii) the levels of sales of our apparel, footwear and related products, both to our wholesale customers and in our retail stores, the levels of sales of our licensees at wholesale and retail, and the extent of discounts and promotional pricing in which we and our licensees and other business partners are required to engage, all of which can be affected by weather conditions, changes in the economy, fuel prices, reductions in travel, fashion trends, consolidations, repositionings and bankruptcies in the retail industries, repositionings of brands by our licensors and other factors; (iv) our plans and results of operations will be affected by our ability to manage our growth and inventory, including our ability to continue to develop and grow our Calvin Klein businesses in terms of revenue and profitability, and our ability to realize benefits from Tommy Hilfiger; (v) our operations and results could be affected by quota restrictions and the imposition of safeguard controls (which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and technical expertise needed), the availability and cost of raw materials, our ability to adjust timely to changes in trade regulations and the migration and development of manufacturers (which can affect where our products can best be produced), and civil conflict, war or terrorist acts, the threat of any of the foregoing, or political and labor instability in any of the countries where our or our licensees or other business partners products are sold, produced or are planned to be sold or produced; (vi) disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas, as well as reduced consumer traffic and purchasing, as consumers limit or cease shopping in order to avoid exposure or become ill; (vii) acquisitions and issues arising with acquisitions and proposed transactions, including without limitation, the ability to integrate an acquired entity, such as Tommy Hilfiger, into us with no substantial adverse affect on the acquired entity s or our existing operations, employee relationships, vendor relationships, customer relationships or financial performance; (viii) the failure of our licensees to market successfully licensed products or to preserve the value of our brands, or their misuse of our brands; and (ix) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

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

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

We have reviewed the consolidated balance sheets of Phillips-Van Heusen Corporation as of August 1, 2010 and August 2, 2009, the related consolidated statements of operations for the thirteen and twenty-six week periods ended August 1, 2010 and August 2, 2009 and the related consolidated statements of cash flows for the twenty-six week periods ended August 1, 2010 and August 2, 2009. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of 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 consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Phillips-Van Heusen Corporation as of January 31, 2010, and the related consolidated income statement, statement of changes in stockholders' equity, and statement of cash flows for the year then ended (not presented herein) and in our report dated March 31, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 31, 2010, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

New York, New York

September 10, 2010

Phillips-Van Heusen Corporation

Consolidated Balance Sheets

(In thousands, except share and per share data)

	August 1, 2010 <u>UNAUDITED</u>	January 31, 2010 <u>AUDITED</u>	August 2, 2009 <u>UNAUDITED</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 475,340	\$ 480,882	\$ 369,596
Trade receivables, net of allowances for doubtful accounts of \$12,426, \$7,224 and \$11,242	291,465	188,844	160,486
Other receivables	19,016	7,759	12,697
Inventories, net	692,814	263,788	302,286
Prepaid expenses	125,237	41,038	24,266
Other, including deferred taxes of \$46,800, \$5,621 and \$10,049	<u>80,121</u>	<u>12,572</u>	<u>16,260</u>
Total Current Assets	1,683,993	994,883	885,591
Property, Plant and Equipment, net	387,417	167,474	183,530
Goodwill	1,701,641	419,179	396,184
Tradenames	2,290,028	621,135	621,135
Perpetual License Rights	86,000	86,000	86,000
Other Intangibles, net	188,261	32,056	33,831
Other Assets, including deferred taxes of \$66,214, \$0 and \$0	<u>183,070</u>	<u>18,952</u>	<u>26,917</u>
Total Assets	<u>\$ 6,520,410</u>	<u>\$ 2,339,679</u>	<u>\$ 2,233,188</u>
LIABILITIES AND STOCKHOLDERS EQUITY			
Current Liabilities:			
Accounts payable	\$ 314,821	\$ 108,494	\$ 98,703
Accrued expenses	420,534	215,413	224,421
Deferred revenue	46,957	38,974	35,266
Short-term borrowings	<u>4,617</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	786,929	362,881	358,390
Long-Term Debt	2,491,635	399,584	399,576
Other Liabilities, including deferred taxes of \$603,103, \$176,449 and \$181,446	1,046,278	408,661	420,326
Stockholders Equity:			
Preferred stock, par value \$100 per share; 150,000 total shares authorized (142,000; 150,000 and 150,000 shares undesignated); no undesignated shares issued	-	-	-
Series A convertible preferred stock, par value \$100 per share; 8,000 total shares authorized, issued and outstanding as of August 1, 2010	188,595	-	-
Common stock, par value \$1 per share; 240,000,000 shares authorized; 66,448,534; 57,139,230 and 56,858,331 shares issued	66,449	57,139	56,858
Additional capital - common stock	1,263,606	596,344	580,447
Retained earnings	709,431	796,282	689,566
Accumulated other comprehensive loss	(26,286)	(80,448)	(71,276)

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Less: 96,401; 5,236,818 and 5,235,282 shares of common stock held in treasury, at cost	<u>(6,227)</u>	<u>(200,764)</u>	<u>(200,699)</u>
Total Stockholders Equity	<u>2,195,568</u>	<u>1,168,553</u>	<u>1,054,896</u>
Total Liabilities and Stockholders Equity	<u>\$ 6,520,410</u>	<u>\$ 2,339,679</u>	<u>\$ 2,233,188</u>

See accompanying notes.

Phillips-Van Heusen Corporation

Consolidated Statements of Operations

Unaudited

(In thousands, except per share data)

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>August 1,</u> <u>2010</u>	<u>August 2,</u> <u>2009</u>	<u>August 1,</u> <u>2010</u>	<u>August 2,</u> <u>2009</u>
Net sales	\$1,011,439	\$457,410	\$1,542,127	\$ 933,155
Royalty revenue	68,106	52,571	132,965	111,489
Advertising and other revenue	<u>23,723</u>	<u>19,302</u>	<u>47,220</u>	<u>42,064</u>
Total revenue	1,103,268	529,283	1,722,312	1,086,708
Cost of goods sold	<u>528,027</u>	<u>263,527</u>	<u>830,038</u>	<u>549,126</u>
Gross profit	575,241	265,756	892,274	537,582
Selling, general and administrative expenses	524,637	214,307	811,837	437,019
Debt extinguishment costs	6,650	-	6,650	-
Other loss	<u>88,100</u>	<u>-</u>	<u>140,490</u>	<u>-</u>
(Loss) income before interest and taxes	(44,146)	51,449	(66,703)	100,563
Interest expense	39,706	8,378	48,088	16,744
Interest income	<u>481</u>	<u>393</u>	<u>588</u>	<u>899</u>
(Loss) income before taxes	(83,371)	43,464	(114,203)	84,718
Income tax (benefit) expense	<u>(28,784)</u>	<u>16,907</u>	<u>(32,003)</u>	<u>33,450</u>
Net (loss) income	<u>\$ (54,587)</u>	<u>\$ 26,557</u>	<u>\$ (82,200)</u>	<u>\$ 51,268</u>
Basic net (loss) income per common share	<u>\$ (0.83)</u>	<u>\$ 0.51</u>	<u>\$ (1.39)</u>	<u>\$ 0.99</u>
Diluted net (loss) income per common share	<u>\$ (0.83)</u>	<u>\$ 0.51</u>	<u>\$ (1.39)</u>	<u>\$ 0.99</u>
Dividends declared per common share	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.075</u>	<u>\$ 0.075</u>

See accompanying notes.

Phillips-Van Heusen Corporation

Consolidated Statements of Cash Flows

Unaudited

(In thousands)

	<u>Twenty-Six Weeks Ended</u>	
	August 1, <u>2010</u>	August 2, <u>2009</u>
OPERATING ACTIVITIES		
Net (loss) income	\$ (82,200)	\$ 51,268
Adjustments to reconcile to net cash provided by operating activities:		
Losses on settlement of derivative instruments	140,490	-
Depreciation and amortization	62,240	25,203
Deferred taxes	(9,571)	1,059
Stock-based compensation expense	12,224	5,622
Impairment of long-lived assets	-	1,494
Debt extinguishment costs	6,650	-
Changes in operating assets and liabilities:		
Trade receivables, net	94,198	27,156
Inventories, net	(142,162)	(17,731)
Accounts payable, accrued expenses and deferred revenue	106,616	11,704
Prepaid expenses	(54,482)	11,014
Other, net	<u>(32,455)</u>	<u>(35,936)</u>
Net cash provided by operating activities	<u>101,548</u>	<u>80,853</u>
INVESTING ACTIVITIES⁽¹⁾		
Business acquisitions, net of cash acquired	(2,490,607)	(5,699)
Purchase of property, plant and equipment	(29,014)	(12,866)
Contingent purchase price payments	(21,452)	(18,591)
Losses on settlement of derivative instruments	<u>(140,490)</u>	<u>-</u>
Net cash used by investing activities	<u>(2,681,563)</u>	<u>(37,156)</u>
FINANCING ACTIVITIES⁽¹⁾		
Net proceeds from common stock offering	364,860	-
Net proceeds from preferred stock issuance	188,595	-
Net proceeds from issuance of debt	584,145	-
Net proceeds from credit facilities	1,825,223	-
Extinguishment of debt	(303,645)	-
Repayment of credit facilities	(100,000)	-
Net proceeds from settlement of awards under stock plans	6,732	1,693
Excess tax benefits from awards under stock plans	3,482	259
Cash dividends on common and preferred stock	(4,652)	(3,885)

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Acquisition of treasury shares	<u>(2,438)</u>	<u>(335)</u>
Net cash provided (used) by financing activities	<u>2,562,302</u>	<u>(2,268)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>12,171</u>	<u>-</u>
(Decrease) increase in cash and cash equivalents	(5,542)	41,429
Cash and cash equivalents at beginning of period	<u>480,882</u>	<u>328,167</u>
Cash and cash equivalents at end of period	<u>\$ 475,340</u>	<u>\$369,596</u>

⁽¹⁾ See Note 14 for information on noncash investing and financing transactions.

See accompanying notes.

PHILLIPS-VAN HEUSEN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL

The consolidated financial statements include the accounts of Phillips-Van Heusen Corporation and its subsidiaries (the Company). The Company's fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1 and are designated by the calendar year in which the fiscal year commences. References to a year are to the Company's fiscal year, unless the context requires otherwise.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, they do not contain all disclosures required by accounting principles generally accepted in the United States for complete financial statements. Reference should be made to the audited consolidated financial statements, including the notes thereto, included in the Company's Annual Report on Form 10-K for the year ended January 31, 2010.

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

The results of operations for the thirteen and twenty-six weeks ended August 1, 2010 and August 2, 2009 are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. The data contained in these financial statements are unaudited and are subject to year-end adjustments. However, in the opinion of management, all known adjustments (which consist only of normal recurring accruals) have been made to present fairly the consolidated operating results for the unaudited periods.

Certain reclassifications have been made to the consolidated financial statements and the notes thereto for the prior year periods to present that information on a basis consistent with the current year.

References to the brand names *Calvin Klein Collection*, *ck Calvin Klein*, *Calvin Klein*, *Tommy Hilfiger*, *Van Heusen*, *IZOD*, *Bass*, *G.H. Bass & Co.*, *ARROW*, *Eagle*, *Geoffrey Beene*, *CHAPS*, *Sean John*, *Trump*, *Donald J. Trump Signature Collection*, *JOE Joseph Abboud*, *Kenneth Cole New York*, *Kenneth Cole Reaction*, *MICHAEL Michael Kors*, *Michael Kors Collection*, *DKNY*, *Elie Tahari*, *Nautica*, *Ike Behar*, *Ted Baker*, *Jones New York*, *J. Garcia*, *Claiborne*, *Robert Graham*, *U.S. POLO ASSN.*, *Axcess* and *Timberland* and to other brand names are to registered trademarks owned by the Company or licensed to the Company by third parties and are identified by italicizing the brand name.

2. INVENTORIES

Inventories related to the Company's wholesale and international retail operations, comprised principally of finished goods, are stated at the lower of cost or market. Inventories related to the Company's North American retail operations, comprised entirely of finished goods, are stated at the lower of average cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventories at cost is calculated by applying a cost-to-retail ratio to the retail value of inventories. Permanent and point of sale markdowns, when recorded, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship.

3. ACQUISITIONS

Acquisition of Tommy Hilfiger

The Company acquired on May 6, 2010 all of the outstanding equity interests of Tommy Hilfiger B.V. and certain affiliated companies (collectively, "Tommy Hilfiger"). The results of Tommy Hilfiger's operations have been included in the Company's consolidated financial statements since that date.

Tommy Hilfiger, through its subsidiaries, designs, sources and markets men's and women's sportswear and activewear, jeanswear, childrenswear and other products worldwide and licenses its brands worldwide over a broad range of products.

The Company believes Tommy Hilfiger's established international platform in Europe will be a strategic complement to its strong North American presence and provides the Company with the resources and expertise needed to grow its heritage brands and businesses internationally.

Fair Value of the Acquisition Consideration

The acquisition date fair value of the acquisition consideration paid at closing totaled \$2,969,225, which consisted of the following:

Cash	\$2,483,258
Common stock (8,044 shares, par value \$1.00	
per share)	<u>485,967</u>
Total fair value of the acquisition consideration	<u>\$2,969,225</u>

The fair value of the 8,044 common shares issued was equal to the aggregate value of the shares at the closing market price of the Company's common stock on May 5, 2010, the day prior to the closing. The value is not the same as the value of the shares as determined pursuant to the acquisition agreement, due to the fluctuation in the market price of the Company's common stock between the date of the acquisition agreement and the date of the acquisition closing.

The Company funded the cash portion and related costs of the Tommy Hilfiger acquisition with cash on hand and the net proceeds of the following activities: (i) the sale on April 28, 2010 of 5,750 shares of the Company's common stock; (ii) the issuances of an aggregate of 8 shares of Series A convertible preferred stock, which are currently convertible into 4,189 shares of the Company's common stock, for an aggregate gross purchase price of \$200,000; (iii) the issuance of \$600,000 of 7 3/8% senior notes due 2020; and (iv) the borrowing of approximately \$1,900,000 of term loans under new credit facilities.

Please see the notes entitled "Goodwill and Other Intangible Assets," "Debt" and "Stockholders' Equity" for a further discussion of these aspects of the acquisition.

The Company incurred certain pre-tax costs directly associated with the acquisition, totaling approximately \$52,000, which are included within selling, general and administrative expenses in its financial statements. The Company also

recorded a loss of \$140,490 during the twenty-six weeks ended August 1, 2010 associated with hedges against Euro to United States dollar exchange rates relating to the purchase price. The Company incurred costs totaling \$28,920 associated with the issuance of the common and preferred shares related to the acquisition, which were deducted from the recognized proceeds of issuance within stockholders' equity. The Company incurred costs totaling \$70,512 associated with the issuance of debt related to the acquisition, which will be amortized over the term of the related debt agreement.

Tommy Hilfiger had total revenue of \$532,175 and a net loss, after non-cash valuation amortization charges and transaction and integration costs, of \$(4,720) for the period from the date of acquisition through August 1, 2010. These amounts are included in the Company's results of operations for the thirteen and twenty-six week periods then ended.

Pro Forma Impact of the Transaction

The following table presents the Company's pro forma consolidated results of operations as if the acquisition and the related financing transactions had occurred on February 2, 2009 instead of on May 6, 2010. The pro forma results were calculated applying the Company's accounting policies and reflect: (i) the impact on depreciation and amortization based on what would have been charged related to the fair value adjustments to Tommy Hilfiger's property, plant and equipment and the intangible assets recorded in connection with the acquisition; (ii) the impact on interest expense and interest income resulting from changes to the Company's capital structure in connection with the acquisition; (iii) the impact on cost of goods sold resulting from acquisition-date adjustments to the fair value of inventory; and (iv) the tax effects of the above adjustments. The pro forma results do not include any anticipated cost synergies or other effects of the planned integration of Tommy Hilfiger. Accordingly, such pro forma amounts are

not necessarily indicative of the results that actually would have occurred had the acquisition been completed on February 2, 2009, nor are they indicative of the future operating results of the combined company.

	<u>Pro Forma</u>		<u>Pro Forma</u>	
	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Total revenue	\$1,112,040	\$1,013,806	\$2,368,196	\$2,157,053
Net income	54,749	8,915	114,794	3,521

Allocation of the Acquisition Consideration

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

Trade receivables	\$ 193,080
Inventories	282,838
Prepaid expenses	32,232
Other current assets	95,135
Property, plant and equipment	230,505
Goodwill	1,225,470
Tradenames	1,635,417
Other intangibles	172,069
Other assets	121,002
Accounts payable	91,570
Accrued expenses	224,195
Other liabilities	702,758

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

In connection with the acquisition, the Company recorded goodwill of \$1,225,470, which was assigned to the Company's Tommy Hilfiger North America and Tommy Hilfiger International segments (See Note 15, Segment Data) in the amounts of \$82,352 and \$1,143,118, respectively. None of the goodwill is expected to be deductible for tax purposes. The Company also recorded other intangible assets of \$1,807,486, which included customer relationships of \$138,724, covenants not to compete of \$1,527 and order backlog of \$31,818, which are all amortizable, as well as indefinitely-lived tradenames of \$1,635,417.

Acquisition of Tommy Hilfiger Handbag License

On June 14, 2010, the Company entered into an agreement to reacquire from a licensee, prior to the expiration of the license, the rights to distribute *Tommy Hilfiger* branded handbags internationally. The effective date of the transfer of the rights is December 31, 2010. In connection with this transaction, the Company made a payment of \$7,349 to the licensee during the second quarter of 2010.

The transaction is being accounted for as a business combination. The Company's preliminary assessment of the assets to be acquired by the Company on December 31, 2010 is that no amortizable intangible assets will be acquired. Until a more complete allocation of the purchase price is finalized, the Company has classified the entire \$7,349 purchase price as goodwill.

Acquisition of Block Assets

The Company acquired in February 2009 from Block Corporation (Block), a former licensee of *Van Heusen* and *IZOD* big and tall sportswear in the United States, inventories and inventory purchase commitments related to the licensed business. As part of this transaction, the license agreements between the Company and Block were terminated. The Company paid \$5,699 during the first quarter of 2009 in connection with the transaction.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the period ended August 1, 2010, by segment, were as follows:

	Heritage Brand Wholesale Dress Furnishings	Heritage Brand Wholesale Sportswear	Calvin Klein Licensing	Tommy Hilfiger North America	Tommy Hilfiger International	Total
<u>Balance as of January 31, 2010</u>						
Goodwill, gross	\$ 74,932	\$ 84,553	\$ 259,694	\$ -	\$ -	\$ 419,179
Accumulated impairment losses	-	-	-	-	-	-
Goodwill, net	74,932	84,553	259,694	-	-	419,179
Contingent purchase price payments to						
Mr. Calvin Klein	-	-	18,235	-	-	18,235
Goodwill from acquisition of Tommy Hilfiger	-	-	-	82,352	1,143,118	1,225,470
Goodwill from acquisition of Tommy Hilfiger handbag license	-	-	-	-	7,349	7,349
Currency translation	(98)	-	(315)	251	31,570	31,408
<u>Balance as of August 1, 2010</u>						
Goodwill, gross	74,834	84,553	277,614	82,603	1,182,037	1,701,641
Accumulated impairment losses	-	-	-	-	-	-
Goodwill, net	<u>\$ 74,834</u>	<u>\$ 84,553</u>	<u>\$ 277,614</u>	<u>\$ 82,603</u>	<u>\$ 1,182,037</u>	<u>\$ 1,701,641</u>

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

The Company's intangible assets subject to amortization consisted of the following:

	Customer Relationships			
	Gross Carrying Amount	Accumulated Amortization	Currency Translation	Net

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Balance as of January 31, 2010	\$ 35,507	\$ (7,299)	\$ -	\$ 28,208
Amount recorded in connection with the acquisition of Tommy Hilfiger	138,724	-	-	138,724
Amortization	-	(3,470)	-	(3,470)
Currency translation	<u>-</u>	<u>-</u>	<u>3,651</u>	<u>3,651</u>
Balance as of August 1, 2010	<u>\$ 174,231</u>	<u>\$ (10,769)</u>	<u>\$ 3,651</u>	<u>\$ 167,113</u>

Covenants Not to Compete

	Gross Carrying Amount	Accumulated Amortization	Currency Translation	Net
Balance as of January 31, 2010	\$ 600	\$ (420)	\$ -	\$ 180
Amount recorded in connection with the acquisition of Tommy Hilfiger	1,527	-	-	1,527
Amortization	-	(218)	-	(218)
Currency translation	-	-	34	34
Balance as of August 1, 2010	<u>\$ 2,127</u>	<u>\$ (638)</u>	<u>\$ 34</u>	<u>\$ 1,523</u>

Order Backlog

	Gross Carrying Amount	Accumulated Amortization	Currency Translation	Net
Balance as of January 31, 2010	\$ -	\$ -	\$ -	\$ -
Amount recorded in connection with the acquisition of Tommy Hilfiger	31,818	-	-	31,818
Amortization	-	(15,663)	-	(15,663)
Currency translation	-	-	186	186
Balance as of August 1, 2010	<u>\$ 31,818</u>	<u>\$ (15,663)</u>	<u>\$ 186</u>	<u>\$ 16,341</u>

License Rights

	Gross Carrying Amount	Accumulated Amortization	Net
Balance as of January 31, 2010	\$ 5,007	\$ (1,339)	\$ 3,668
Amortization	-	(384)	(384)
Balance as of August 1, 2010	<u>\$ 5,007</u>	<u>\$ (1,723)</u>	<u>\$ 3,284</u>

Customer relationships recorded in connection with the acquisition of Tommy Hilfiger are amortized principally over 15 years from the date of acquisition. Covenants not to compete in connection with the Tommy Hilfiger acquisition are amortized over two years from the date of acquisition. Order backlog in connection with the Tommy Hilfiger acquisition is amortized over six months from the date of acquisition. As of August 1, 2010, the weighted average life of the amortizable intangible assets recorded in connection with the acquisition of Tommy Hilfiger was 13.1 years.

Customer relationships and license rights recorded as of January 31, 2010 are amortized principally over 15 years from the date of the related acquisition. Covenants not to compete recorded as of January 31, 2010 are amortized over ten years from the date of acquisition.

As of August 1, 2010, accumulated amortization for other intangible assets was \$28,793.

Amortization expense, a portion of which is subject to exchange rate fluctuation, for the remainder of 2010 and the next five years thereafter related to the Company's intangible assets is expected to be as follows:

Remainder of 2010	\$23,057
2011	12,993
2012	12,405
2013	12,149
2014	12,149
2015	12,149

The Company's intangible assets not subject to amortization consisted of the following:

	<u>Tradenames</u>	<u>Perpetual License Rights</u>	<u>Total</u>
Balance as of January 31, 2010	\$ 621,135	\$ 86,000	\$ 707,135
Amount recorded in connection with the acquisition of Tommy Hilfiger	1,635,417	-	1,635,417
Currency translation	<u>33,476</u>	<u>-</u>	<u>33,476</u>
Balance as of August 1, 2010	<u>\$ 2,290,028</u>	<u>\$ 86,000</u>	<u>\$ 2,376,028</u>

5. RETIREMENT AND BENEFIT PLANS

The Company has five noncontributory defined benefit pension plans covering substantially all employees resident in the United States (not currently including any employees associated with the businesses acquired in the Tommy Hilfiger acquisition) who meet certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service.

The Company also has for certain of such employees an unfunded non-qualified supplemental defined benefit pension plan, which provides benefits for compensation in excess of Internal Revenue Service earnings limits and requires payments to vested employees upon, or shortly after, employment termination or retirement.

As a result of the Company's acquisition of Tommy Hilfiger, the Company also has for certain members of Tommy Hilfiger's senior management a supplemental executive retirement plan (SERP Plan), which is a non-qualified unfunded supplemental defined benefit pension plan. Such plan is frozen, and as a result, participants do not accrue additional benefits.

In addition to the defined benefit pension plans described above, the Company has a capital accumulation program (CAP Plan), which is an unfunded non-qualified supplemental defined benefit plan covering four current and 16 retired executives. Under the individual participants' CAP Plan agreements, the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the CAP Plan for at least 10 years and has attained age 55.

The Company also provides certain postretirement health care and life insurance benefits to certain retirees resident in the United States. Retirees contribute to the cost of this plan, which is unfunded. During 2002, the postretirement plan was amended to eliminate benefits for active participants who, as of January 1, 2003, had not attained age 55 and 10 years of service.

Net benefit cost related to the Company's pension plans was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Service cost, including plan expenses	\$ 2,413	\$ 1,891	\$ 4,758	\$ 3,818
Interest cost	4,537	4,197	8,922	8,468
Amortization of net loss	1,921	533	3,790	1,170
Expected return on plan assets	(4,982)	(5,048)	(9,985)	(10,122)
Amortization of prior service credit	<u>(15)</u>	<u>(8)</u>	<u>(31)</u>	<u>(15)</u>
Total	<u>\$ 3,874</u>	<u>\$ 1,565</u>	<u>\$ 7,454</u>	<u>\$ 3,319</u>

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Net benefit cost related to the Company's CAP Plan and SERP Plan was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Service cost, including plan expenses	\$ 22	\$ 17	\$ 45	\$ 35
Interest cost	463	240	696	488
Amortization of net gain	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>(18)</u>
Total	<u>\$ 485</u>	<u>\$ 248</u>	<u>\$ 741</u>	<u>\$ 505</u>

Net benefit (credit) cost related to the Company's postretirement plan was recognized as follows:

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Interest cost	\$ 206	\$ 365	\$ 545	\$ 730
Amortization of net loss	(105)	65	-	129
Amortization of prior service credit	<u>(205)</u>	<u>(205)</u>	<u>(409)</u>	<u>(409)</u>
Total	<u>\$(104)</u>	<u>\$ 225</u>	<u>\$ 136</u>	<u>\$ 450</u>

6. COMPREHENSIVE (LOSS) INCOME

Comprehensive (loss) income was as follows:

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Net (loss) income	\$(54,587)	\$26,557	\$(82,200)	\$51,268
Foreign currency translation adjustments, net of tax (benefit) expense of \$(310); \$533; \$(622) and \$736	58,377	876	57,864	1,210
Change related to retirement and benefit plan costs, net of tax expense of \$604; \$141; \$1,267 and \$323	992	235	2,083	534
Unrealized losses on derivative financial instruments	<u>(5,785)</u>	<u>-</u>	<u>(5,785)</u>	<u>-</u>
Comprehensive (loss) income	<u>\$ (1,003)</u>	<u>\$27,668</u>	<u>\$(28,038)</u>	<u>\$53,012</u>

7. DEBT

Short-Term Borrowings

One of the Company's subsidiaries has a Yen-denominated overdraft facility with a Japanese bank, which provides for borrowings of ¥600,000 (approximately \$6,900 based on the Yen to United States dollar exchange rate in effect on August 1, 2010) and is utilized to fund working capital. Borrowings under the facility are unsecured and bear interest at the one month Japanese inter-bank borrowing rate (TIBOR) plus 0.20%. Such facility matures on May 31, 2011. The outstanding balance was ¥400,000 (\$4,617 based on the Yen to United States dollar exchange rate in effect on August 1, 2010) as of August 1, 2010, with the balance of ¥200,000 (\$2,283 based on the Yen to United States dollar exchange rate in effect on August 1, 2010) remaining undrawn under the facility. The weighted average interest rate on the funds borrowed at August 1, 2010 was 0.42%.

Long-Term Debt

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

	<u>8/1/10</u>	<u>8/2/09</u>
Senior secured term loan A facility due 2015	\$ 471,668	\$ -
Senior secured term loan B facility due 2016	1,320,374	-
7 3/8% senior unsecured notes due 2020	600,000	-
7 3/4% debentures due 2023	99,593	99,576
7 1/4% senior unsecured notes due 2011	-	150,000
8 1/8% senior unsecured notes due 2013	-	<u>150,000</u>
Total	<u>\$2,491,635</u>	<u>\$ 399,576</u>

Senior Secured Credit Facilities

On May 6, 2010, the Company entered into a new senior secured credit facility, which consists of a Euro-denominated term loan A facility, a United States dollar-denominated term loan A facility, a Euro-denominated term loan B facility, a United States dollar-denominated term loan B facility, a United States dollar-denominated revolving credit facility and two multi-currency (one United States dollar and Canadian dollar, and the other Euro, Yen and Pound) revolving credit facilities. These credit facilities provide for borrowings equal to an aggregate of approximately \$2,350,000 (based on applicable exchange rates in effect on August 1, 2010), consisting of (i) an aggregate of approximately \$1,900,000 of term loan facilities, which had been borrowed in full at May 6, 2010 and for which the Company made repayments of \$100,000 during the second quarter of 2010; and (ii) approximately \$450,000 of revolving credit facilities, for which the Company had no revolving credit borrowings and \$195,824 of letters of credit outstanding as of August 1, 2010.

The term loan A facilities and the revolving credit facilities will mature on May 6, 2015 and the term loan B facilities will mature on May 6, 2016. Borrowings under the credit facilities bear interest at a rate equal to an applicable margin plus a variable rate, each of which is determined based on the jurisdiction of such borrowings. The terms of each of the term loan A and B facilities contain a mandatory repayment schedule on a quarterly basis, such that the total annual repayments are as follows:

	Term Loan	
	<u>A</u>	<u>B</u>
Originally borrowed on May 6, 2010, based on the applicable exchange rate at that date	\$494,970	\$1,384,910

Percentage required to be repaid for the annual period ending May 6:

2011	5%	1%
2012	10%	1%
2013	15%	1%
2014	25%	1%
2015	45%	1%
2016	-	95%

Additionally, in the event there is consolidated Excess Cash Flow, as defined in the agreement, for any fiscal year, the Company is required to prepay a percentage of such amount based on its Leverage Ratio, as calculated in accordance with the agreement. Such amount will be reduced by any repayments made during the preceding fiscal year.

All repayments made under the facilities are applied on a pro rata basis, determined by the amounts then outstanding under each of the United States dollar and Euro tranches of term loans A and B. In addition, the Company has the ability to prepay at any time the outstanding borrowings under the new senior secured credit facility without penalty (other than customary breakage costs).

The United States dollar-denominated borrowings under the senior secured credit facility bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a base rate determined by reference

to the higher of (i) the prime rate, (ii) the United States federal funds rate plus 1/2 of 1% and (iii) a one-month adjusted Eurocurrency rate plus 1% (provided, that, in the case of the term loan A and B facilities, in no event will the base rate be deemed to be less than 2.75%); or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the senior secured credit facility (provided, that, in the case of the term loan A and B facilities, in no event will the adjusted Eurocurrency rate be deemed to be less than 1.75%).

Canadian dollar-denominated borrowings under the revolving credit facility bear interest at a rate equal to an applicable margin plus, as determined at the Company's option, either (a) a Canadian prime rate determined by reference to the greater of (i) the average of the rates of interest per annum equal to the per annum rate of interest quoted, published and commonly known in Canada as the prime rate or which Royal Bank of Canada establishes at its main office in Toronto, Ontario as the reference rate of interest in order to determine interest rates for loans in Canadian dollars to its Canadian borrowers and (ii) the sum of (x) the average of the rates per annum for Canadian dollar bankers' acceptances having a term of one month that appears on the Reuters Screen CDOR Page as of 10:00 a.m. (Toronto time) on the date of determination, as reported by the administrative agent (and if such screen is not available, any successor or similar service as may be selected by the administrative agent), and (y) 1%, or (b) an adjusted Eurocurrency rate, calculated in a manner set forth in the senior secured credit facility.

The borrowings under the senior secured credit facility in currencies other than United States dollars or Canadian dollars bear interest at a rate equal to an applicable margin plus an adjusted Eurocurrency rate, calculated in a manner set forth in the senior secured credit facility (provided that, in the case of the term loan A and B facilities, in no event will the adjusted Eurocurrency rate be deemed to be less than 1.75%).

The initial applicable margins will be (a) in the case of the United States dollar-denominated term loan A facility and the United States dollar-denominated term loan B facility, 3.00% for adjusted Eurocurrency rate loans and 2.00% for base rate loans, as applicable, (b) in the case of the Euro-denominated term loan A facility and the Euro-denominated term loan B facility, 3.25% and (c) in the case of the revolving credit facilities, (x) for borrowings denominated in United States dollars, 3.00% for adjusted Eurocurrency rate loans and 2.00% for base rate loans, as applicable, (y) for borrowings denominated in Canadian dollars, 3.00% for adjusted Eurocurrency rate loans and 2.00% for Canadian prime rate loans, as applicable, and (z) for borrowings denominated in other currencies, 3.25%. After the date of delivery of the compliance certificate and financial statements with respect to the Company's period ending January 30, 2011, the applicable margin for borrowings under the term loan A facilities and the revolving credit facilities will be adjusted depending on the Company's leverage ratio.

7 3/8% Senior Notes Due 2020

On May 6, 2010, the Company issued \$600,000 principal amount of 7 3/8% senior notes due May 15, 2020 under an indenture between the Company and U.S. Bank National Association, as trustee. Interest on the 7 3/8% notes is payable semi-annually in arrears on May 15 and November 15 of each year, commencing November 15, 2010.

The Company may redeem some or all of these notes on or after May 15, 2015 at specified redemption prices. The Company may redeem some or all of these notes at any time prior to May 15, 2015 by paying a make whole premium. In addition, the Company may also redeem up to 35% of these notes prior to May 15, 2013 with the net proceeds of certain equity offerings.

Prior Senior Secured Revolving Credit Facility

On May 6, 2010, the Company terminated its \$325,000 secured revolving credit facility with JP Morgan Chase Bank, N.A., as the Administrative Agent and Collateral Agent, which was scheduled to expire in July 2012.

Tender for and Redemption of 2011 Notes and 2013 Notes

The Company commenced tender offers on April 7, 2010 for (i) all of the \$150,000 outstanding principal amount of its notes due 2011; and (ii) all of the \$150,000 outstanding principal amount of its notes due 2013. The tender offers expired on May 4, 2010. On May 6, 2010, the Company accepted for purchase all of the notes tendered and made payment to tendering holders and called for redemption all of the balance of its outstanding 7 1/4% senior notes due 2011, and all of the balance of its outstanding 8 1/8% senior notes due 2013. The redemption prices of the notes due 2011 and 2013 were 100.000% and 101.354%, respectively, of the outstanding aggregate principal amount of each

applicable note, plus accrued and unpaid interest thereon to the redemption date. As of May 6, 2010, the Company made an irrevocable cash deposit, including accrued and unpaid interest, to the trustee for the notes due 2011 and 2013. As a result, such notes have been satisfied and effectively discharged as of May 6, 2010.

The Company incurred a loss of \$6,650 during the second quarter of 2010 on the extinguishment of its 7 1/4% senior notes due 2011 and its 8 1/8% senior notes due 2013.

8. DERIVATIVE FINANCIAL INSTRUMENTS

The Company entered into foreign currency forward exchange contracts with respect to €1,300,000 during the first quarter of 2010 and €250,000 during the second quarter of 2010 in connection with the acquisition of Tommy Hilfiger to hedge against its exposure to changes in the exchange rate for the Euro, as a portion of the acquisition purchase price was payable in cash and denominated in Euros. Such foreign currency forward exchange contracts were not designated as hedging instruments. The Company settled the foreign currency forward exchange contracts at a loss of \$140,490 (of which \$88,100 was recorded in the second quarter of 2010) on May 6, 2010 in connection with the Company's completion of the Tommy Hilfiger acquisition. Such loss is reflected in Other Loss in the Company's Consolidated Statements of Operations.

The Company has increased exposure to changes in foreign currency exchange rates related to certain anticipated cash flows associated with international inventory purchases as a result of the Company's acquisition of Tommy Hilfiger. To help manage this exposure, the Company periodically uses foreign currency forward exchange contracts. The Company does not use derivative financial instruments for trading or speculative purposes.

The Company records the foreign currency forward exchange contracts at fair value in its consolidated balance sheets. Changes in fair value of foreign currency forward exchange contracts that are designated as hedging instruments are deferred in equity as a component of accumulated other comprehensive loss. Changes in the fair value of foreign currency forward exchange contracts that are not designated as hedging instruments are immediately recognized in earnings.

The following table summarizes the fair value and presentation in the consolidated balance sheets for the Company's foreign currency forward exchange contracts:

Asset Derivatives (Classified in Other Current Assets)		Liability Derivatives (Classified in Accrued Expenses)	
8/1/10	8/2/09	8/1/10	8/2/09
\$3,766	\$ -	\$9,473	\$ -

At August 1, 2010, the notional amount of foreign currency forward exchange contracts outstanding was approximately \$235,000 against the Euro and \$54,000 against the Canadian dollar. Such contracts expire between August 2010 and August 2011. No amounts were excluded from effectiveness testing.

The following table summarizes the effect of the Company's derivatives designated as hedging instruments, which consist of the foreign currency forward exchange contracts for inventory purchases:

Amount of Loss Recognized in Other Comprehensive Loss on Derivatives (Effective Portion)	Gain Reclassified from Accumulated Other Comprehensive Loss into Income				Loss Recognized in Income on Derivatives			
	(Effective Portion)				(Ineffective Portion)			
	Amount				Amount			
	Thirteen and Twenty-Six Weeks Ended				Thirteen and Twenty-Six Weeks Ended			
Twenty-Six Weeks Ended		Location	Ended		Location	Twenty-Six Weeks Ended		
8/1/10	8/2/09		8/1/10	8/2/09		8/1/10	8/2/09	
		Cost of goods sold	\$3,914	\$ -	Selling, general and administrative expenses	\$(6,106)	\$ -	
\$(5,785)	\$ -							

The above amount of \$5,785 recognized in accumulated other comprehensive loss on foreign currency forward exchange contracts at August 1, 2010 will be recognized principally in the next 12 months in the Consolidated Statements of Operations as costs of goods sold as the underlying inventory is sold.

Please refer to Note 9 Fair Value Measurements, for disclosures on fair value measurements of the Company's derivative financial instruments. The Company had no derivative financial instruments with credit risk related contingent features underlying the related contracts as of August 1, 2010.

9. FAIR VALUE MEASUREMENTS

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

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

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

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

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company's financial assets and liabilities that were required to be remeasured at fair value on a recurring basis during the twenty-six weeks ended August 1, 2010:

<u>Description</u>	<u>Fair Value Measurement Using</u>			Total Fair
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Value at</u> <u>8/1/10</u>
Derivative instrument assets	N/A	\$ 3,766	N/A	\$ 3,766
Derivative instrument liabilities	N/A	\$ 9,473	N/A	\$ 9,473

Derivative instruments presented above represent unrealized gains and losses on foreign currency forward exchange contracts, which are measured as the difference between (i) the United States dollars to be paid at the contracts settlement date and (ii) the United States dollar value of the foreign currency to be purchased at the current forward or period end spot rate, as applicable.

There were no financial assets or liabilities that were required to be remeasured at fair value on a recurring basis during the twenty-six weeks ended August 2, 2009.

There were no non-financial assets or liabilities that were required to be remeasured at fair value on a nonrecurring basis during the twenty-six weeks ended August 1, 2010.

In accordance with FASB guidance for the impairment or disposal of long-lived assets, long-lived assets held and used with a carrying amount of \$136 were written down to a fair value of zero during the first quarter of 2009. Fair value was determined based on the estimated discounted future cash flows associated with the assets using current sales trends and market participant assumptions. Additionally, long-lived assets held for sale with a carrying amount of \$2,783 were written down to a fair value of \$1,425 during the second quarter of 2009 based on the quoted contractual selling price of such assets, less the related selling costs. Such assets were sold during the third quarter of 2009.

The following table shows the fair value of the Company's non-financial assets and liabilities that were required to be remeasured at fair value on a nonrecurring basis during the twenty-six weeks ended August 2, 2009, and the total impairments recorded as a result of the remeasurement process:

<u>Description</u>	<u>Fair Value Measurement Using</u>			<u>Fair Value as of Impairment Date</u>	<u>Total Impairments for Twenty-Six Weeks Ended 8/2/09</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
Property and equipment	N/A	\$1,425	\$ -	\$ 1,425	\$ 1,494

The carrying amounts and the fair values of the Company's cash and cash equivalents, short-term borrowings and long-term debt for the periods ended August 1, 2010 and August 2, 2009 were as follows:

	<u>8/1/10</u>		<u>8/2/09</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 475,340	\$ 475,340	\$369,596	\$369,596
Short-term borrowings	4,617	4,617	-	-
Long-term debt	2,491,635	2,522,577	399,576	378,375

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

10. STOCK-BASED COMPENSATION

The Company's 2006 Stock Incentive Plan (the "2006 Plan") was approved at the Company's Annual Meeting of Stockholders held in June 2006. The 2006 Plan replaced the Company's then-existing 1997, 2000 and 2003 Stock Option Plans. The 1997, 2000 and 2003 Stock Option Plans terminated on the date of such approval, other than with respect to outstanding options under those plans, which continue to be governed by the respective plan under which they were granted. Shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

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

measure(s), and such other terms and conditions as the plan committee determines.

Through August 1, 2010, the Company has granted under the 2006 Plan: (i) service-based NQs and RSUs; (ii) contingently issuable performance shares; and (iii) RSUs that are intended to satisfy the performance-based condition for deductibility under Section 162(m) of the Internal Revenue Code. According to the terms of the 2006 Plan, for purposes of determining the number of shares available for grant, each share underlying a stock option award reduces the number available by one share and each share underlying an RSU, restricted stock or performance share award reduces the number available by three shares for awards made before April 29, 2009 and by two shares for awards made on or after April 29, 2009. The per share exercise price of options granted under the 2006 Plan cannot be less than the closing price of the common stock on the date of grant (the business day prior to the date of grant for awards granted prior to September 21, 2006). In addition, the Company granted restricted stock to certain of Tommy Hilfiger's management employees in the second quarter of 2010 in connection with the acquisition of Tommy Hilfiger.

The Company currently has service-based NQs and ISOs outstanding under its 1997, 2000 and 2003 Stock Option Plans. Such options were granted with an exercise price equal to the closing price of the common stock on the business day immediately preceding the date of grant.

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Net (loss) income for the twenty-six weeks ended August 1, 2010 and August 2, 2009 included \$12,224 and \$5,622, respectively, of pre-tax expense related to stock-based compensation.

Options currently outstanding are generally cumulatively exercisable in four equal annual installments commencing one year after the date of grant. The vesting of options outstanding is also generally accelerated upon retirement (as defined in the applicable plan). Options are generally granted with a 10-year term.

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

The following summarizes the assumptions used to estimate the fair value of service-based stock options granted during the twenty-six weeks ended August 1, 2010 and August 2, 2009, respectively:

	<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>
Weighted average risk-free interest rate	2.99%	2.58%
Weighted average expected option term (in years)	6.25	6.59
Weighted average expected volatility	41.78%	38.92%
Expected annual dividends per share	\$ 0.15	\$ 0.15
Weighted average estimated fair value per share of options granted	\$26.45	\$11.16

The Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 110 in December 2007. SAB No. 110 allows for the continued use, under certain circumstances, of the simplified method discussed in SAB No. 107 for estimating the expected term of plain vanilla stock options. The Company has continued to utilize the simplified method to estimate the expected term for its stock options granted due to a lack of relevant historical data resulting, in part, from recent changes in the pool of employees receiving option grants and changes in the vesting schedule of certain grants. The Company will continue to evaluate the appropriateness of utilizing such method.

Service-based stock option activity for the twenty-six weeks ended August 1, 2010 was as follows:

	<u>Options</u>	<u>Weighted Average Price Per Option</u>
Outstanding at January 31, 2010	3,616	\$ 30.16
Granted	124	59.66
Exercised	310	21.58
Cancelled	<u>2</u>	<u>28.27</u>

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Outstanding at August 1, 2010	<u>3,428</u>	<u>\$ 32.01</u>
Exercisable at August 1, 2010	<u>2,522</u>	<u>\$ 30.87</u>

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

RSU activity for the twenty-six weeks ended August 1, 2010 was as follows:

	<u>RSUs</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 31, 2010	734	\$ 35.85
Granted	163	58.80
Vested	85	45.24
Cancelled	<u>12</u>	<u>40.04</u>
Non-vested at August 1, 2010	<u>800</u>	<u>\$ 39.48</u>

The Company granted restricted stock to certain of Tommy Hilfiger's management employees in connection with the Company's acquisition of Tommy Hilfiger during the second quarter of 2010. The stock is registered in the name of each such employee and is held in a third-party escrow account until it vests, at which time the stock will be delivered to the employees who have vested in the awards. The restricted stock vests upon the second anniversary of the date of grant.

The fair value of restricted stock is equal to the closing price of the Company's common stock on the date of grant and is expensed, net of forfeitures, on a straight-line basis over the restricted stock's vesting period.

Restricted stock activity for the twenty-six weeks ended August 1, 2010 was as follows:

	<u>Restricted Stock</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 31, 2010	-	\$ -
Granted	179	60.41
Vested	<u>-</u>	<u>-</u>
Non-vested at August 1, 2010	<u>179</u>	<u>\$ 60.41</u>

The Company granted contingently issuable performance share awards to all of the Company's senior executives (other than senior executives of Tommy Hilfiger) during the second quarter of 2010 and to all then-executive officers of the Company during the first quarter of 2010 and the first quarter of 2008, subject to performance periods of three, two and three years, respectively. The final number of shares that will be earned, if any, is contingent upon the Company's achievement of goals for each of the performance periods based on earnings per share growth for the awards granted in 2010 and both earnings per share growth and return on equity for the awards granted in 2008 during the applicable performance cycle. Depending on the level of objectives achieved, up to a total number of 611 and 89 shares could be issued for all non-vested performance share awards granted in 2010 and 2008, respectively. The Company records expense for the contingently issuable performance shares ratably over each applicable vesting period based on fair value and the Company's current expectations of the probable number of shares that will ultimately be issued. The fair value of the contingently issuable performance shares is equal to the closing price of the Company's common stock on the date of grant, reduced for the present value of any dividends expected to be paid on the Company's common stock during the performance cycle, as these contingently issuable performance shares do not accrue dividends prior to being earned.

Performance share activity for the twenty-six weeks ended August 1, 2010 was as follows:

	<u>Performance Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 31, 2010	89	\$ 41.80
Granted	611	52.69
Vested	-	-
Cancelled	-	-
Non-vested at August 1, 2010	<u>700</u>	<u>\$ 51.31</u>

The Company receives a tax deduction for certain transactions associated with its stock plan awards. The actual income tax benefits realized from these transactions for the twenty-six weeks ended August 1, 2010 and August 2, 2009 were \$5,421 and \$815, respectively. Of those amounts, \$3,482 and \$259, respectively, were reported as excess tax benefits. Excess tax benefits arise when the actual tax benefit resulting from a stock plan award transaction exceeds the tax benefit associated with the grant date fair value of the related stock award.

11. STOCKHOLDERS EQUITY

Series A Convertible Preferred Stock Issuance

On May 6, 2010, the Company completed the sale of an aggregate of 8 shares of Series A convertible preferred stock, par value \$100.00 per share, for an aggregate gross purchase price of \$200,000 and for net proceeds of \$188,595 after related fees. The Series A convertible preferred stock has a liquidation preference of \$25,000 per share and is currently convertible at a price of \$47.74 into 4,189 shares of common stock. The conversion price is subject to equitable adjustment in the event of the Company taking certain actions, including stock splits, stock dividends, mergers, consolidations or other capital reorganizations. The Series A convertible preferred stock is not redeemable, in whole or in part, at the Company's option or that of any holder. The holders of the Series A convertible preferred stock are entitled to vote and participate in dividends with the holders of the Company's common stock on an as-converted basis.

Common Stock Offering

The Company sold 5,750 shares of its common stock on April 28, 2010 for an offering price of \$66.50 per share before commissions and discounts to underwriters. The net proceeds of the sale after commissions, discounts and related fees, which totaled \$364,860, were used to fund a portion of the purchase price and fees relating to the acquisition of Tommy Hilfiger. Of the 5,750 shares, a total of 5,250 shares were released from treasury and 500 shares were newly issued.

Common Stock Issuance

On May 6, 2010, the Company issued 8,044 shares of its common stock, par value \$1.00 per share, as part of the consideration paid to the former shareholders of Tommy Hilfiger in connection with the acquisition.

Warrant

The Company issued to Mr. Calvin Klein a nine-year warrant to purchase 320 shares of the Company's common stock at \$28.00 per share in connection with the Company's acquisition of Calvin Klein in 2003. 160 shares of such warrant were exercised during the first quarter of 2010 and the warrant remains outstanding as of August 1, 2010 with respect to the balance of 160 shares issuable upon exercise.

12. ACTIVITY EXIT COSTS AND ASSET IMPAIRMENTS

In connection with the Company's acquisition of Tommy Hilfiger during the second quarter of 2010, the Company incurred severance and termination benefit costs. Such costs were as follows:

	Total Expected to be <u>Incurred</u>	Incurred During the Thirteen and Twenty-Six Weeks <u>Ended 8/1/10</u>
Severance and termination benefits	\$12,700	\$ 10,620

As of August 1, 2010, the liability balance for these severance and termination benefits was \$10,448. The charges for severance and termination benefits were principally included in selling, general and administrative expenses of the Company's Tommy Hilfiger North America segment (see Note 15, Segment Data).

The Company announced in the fourth quarter of 2008 that it initiated a series of actions to respond to the difficult economic conditions that existed during the second half of 2008 and were expected to (and did) continue into 2009 by restructuring certain of its operations and implementing a number of other cost reduction efforts. These restructuring initiatives were substantially completed during 2009.

The Company recorded long-lived asset impairment charges in connection with these restructuring initiatives of \$1,494 (of which \$1,358 was recorded in the second quarter) during the twenty-six weeks ended August 2, 2009.

Such charges were included in corporate selling, general and administrative expenses not allocated to any reportable segments.

Liabilities recorded in connection with the restructuring were as follows:

	Liability at <u>1/31/10</u>	Costs Paid During the Twenty-Six Weeks Ended <u>8/1/10</u>	Liability at <u>8/1/10</u>
Severance, termination benefits and other costs	\$ 2,265	\$ 1,460	\$ 805
Lease termination costs	<u>1,240</u>	<u>1,240</u>	<u>-</u>
Total	<u>\$ 3,505</u>	<u>\$ 2,700</u>	<u>\$ 805</u>

13. NET (LOSS) INCOME PER COMMON SHARE

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

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Net (loss) income	\$(54,587)	\$26,557	\$(82,200)	\$51,268
Less:				
Common stock dividends paid to holders of Series A convertible preferred stock	<u>(157)</u>	<u>-</u>	<u>(157)</u>	<u>-</u>
Net (loss) income available to common stockholders for basic and diluted net (loss) income per common share	<u>(54,744)</u>	<u>26,557</u>	<u>(82,357)</u>	<u>51,268</u>
Weighted average common shares outstanding for				
basic net (loss) income per common share	65,875	51,605	59,077	51,558
Weighted average impact of dilutive securities	-	573	-	472
Weighted average impact of dilutive warrant	<u>-</u>	<u>16</u>	<u>-</u>	<u>8</u>
Total shares for diluted net (loss) income per common share	<u>65,875</u>	<u>52,194</u>	<u>59,077</u>	<u>52,038</u>
Basic net (loss) income per common share	<u>\$ (0.83)</u>	<u>\$ 0.51</u>	<u>\$ (1.39)</u>	<u>\$ 0.99</u>
Diluted net (loss) income per common share	<u>\$ (0.83)</u>	<u>\$ 0.51</u>	<u>\$ (1.39)</u>	<u>\$ 0.99</u>

The Company utilizes the two-class method of calculating basic net (loss) income per common share, as holders of the Company's Series A convertible preferred stock participate in dividends with holders of the Company's common stock. Net losses are not allocated to holders of the Series A convertible preferred stock.

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

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Weighted average antidilutive securities	<u>4,565</u>	<u>2,302</u>	<u>4,588</u>	<u>2,564</u>

According to FASB guidance for earnings per share, contingently issuable shares that have not met the necessary conditions as of the end of a reporting period should not be included in the calculation of diluted net income per share for that period. The Company had contingently issuable awards that did not meet the performance conditions as of August 1, 2010 and August 2, 2009 and, therefore, were excluded from the calculation of diluted net (loss) income per share for the thirteen and twenty-six weeks ended August 1, 2010 and August 2, 2009. The maximum number of potentially dilutive shares that could be issued upon vesting for such awards was 700 and 280 as of August 1, 2010 and August 2, 2009, respectively. These amounts were also excluded from the computation of weighted average antidilutive securities. Conversion of the Series A convertible preferred stock into 4,051 and 2,026 weighted average common shares outstanding for the thirteen and twenty-six weeks ended August 1, 2010,

respectively, was not assumed because the inclusion thereof would have been antidilutive. These amounts were also excluded from the computation of weighted average antidilutive securities.

14. NONCASH INVESTING AND FINANCING TRANSACTIONS

During the twenty-six weeks ended August 1, 2010 and August 2, 2009, the Company recorded increases to goodwill of \$18,235 and \$15,776, respectively, related to liabilities incurred for contingent purchase price payments to Mr. Calvin Klein. Such amounts are not due or paid in cash until 45 days subsequent to the Company's applicable quarter end. As such, during the twenty-six weeks ended August 1, 2010 and August 2, 2009, the Company paid \$21,452 and \$18,591, respectively, in cash related to contingent purchase price payments to Mr. Calvin Klein that were recorded as additions to goodwill during the periods the liabilities were incurred.

During the second quarter of 2010, the Company issued 8,044 shares of its common stock valued at \$485,967 in connection with the acquisition of Tommy Hilfiger.

During the second quarter of 2010, the Company recorded a loss of \$3,005 to write-off previously capitalized debt issuance costs in connection with the extinguishment of its 7 1/4% senior notes due 2011 and its 8 1/8% senior notes due 2013.

The Company issued to Mr. Calvin Klein a nine-year warrant to purchase 320 shares of the Company's common stock at \$28.00 per share in connection with the Company's acquisition of Calvin Klein in 2003. 160 shares of such warrant were exercised at the end of the first quarter of 2010, and the underlying shares were issued early in the second quarter of 2010. The exercise price for these shares was satisfied through the Company's withholding of 68 shares, which had a total fair market value that approximated the exercise price, from the shares that would have otherwise been issuable.

15. SEGMENT DATA

The acquisition of Tommy Hilfiger has impacted significantly the way the Company and its chief operating decision maker manage and analyze its operating results. As such, the Company has changed the way it reports its segment data. Prior year periods have been restated in order to present that information on a basis consistent with the current year.

The Company manages its operations through its operating divisions, which are aggregated into seven reportable segments: (i) Heritage Brand Wholesale Dress Furnishings; (ii) Heritage Brand Wholesale Sportswear; (iii) Heritage

Brand Retail; (iv) Calvin Klein Licensing; (v) Tommy Hilfiger North America; (vi) Tommy Hilfiger International; and (vii) Other (Calvin Klein Apparel).

Heritage Brand Wholesale Dress Furnishings Segment - This segment consists of the Company's heritage brand wholesale dress furnishings division. This segment derives revenue primarily from marketing both dress shirts and neckwear under the brand names *ARROW*, *IZOD*, *Eagle*, *Sean John*, *Trump* (marketed as *Donald J. Trump Signature Collection* prior to January 1, 2010), *Kenneth Cole New York*, *Kenneth Cole Reaction*, *JOE Joseph Abboud*, *DKNY*, *Elie Tahari*, *J. Garcia* and *MICHAEL Michael Kors*, as well as dress shirts under the brand names *Van Heusen*, *Geoffrey Beene* and *CHAPS* and neckwear under the brand names *Nautica*, *Ike Behar*, *Ted Baker*, *Jones New York*, *Michael Kors Collection*, *Claiborne*, *U.S. POLO ASSN.*, *Axcess*, *Hart Schaffner Marx*, *Bugatti*, *City of London* and *Robert Graham*. In addition, the Company sold dress shirts under the *BCBG Max Azria* and *BCBG Attitude* brand names into the fourth quarter of 2009. The Company markets its dress shirt and neckwear brands, as well as various private label brands, primarily to department, mid-tier department and specialty stores.

Heritage Brand Wholesale Sportswear Segment - The Company aggregates the results of its heritage brand wholesale sportswear divisions into the Heritage Brand Wholesale Sportswear segment. This segment derives revenue primarily from marketing men's sportswear under the brand names *Van Heusen*, *IZOD*, *Geoffrey Beene*, *ARROW* and *Timberland*, and women's sportswear under the brand name *IZOD* to department, mid-tier department and specialty stores.

Heritage Brand Retail Segment - The Company aggregates the results of its three heritage brand retail divisions into the Heritage Brand Retail segment. This segment derives revenue principally from operating retail stores, primarily in outlet centers in the United States, which sell apparel, footwear, accessories and related products under the brand names *Van Heusen*, *IZOD*, *Bass* and *G.H. Bass & Co.*

Calvin Klein Licensing Segment - The Company aggregates the results of its Calvin Klein licensing and advertising division into the Calvin Klein Licensing segment. This segment derives revenue principally from licensing and similar arrangements worldwide relating to the use by third parties of the brand names *Calvin Klein Collection*, *ck Calvin Klein* and *Calvin Klein* for a broad array of products and retail services. This segment also derives revenue from the Company's Calvin Klein Collection wholesale business and from selling *Calvin Klein Collection* branded high-end collection apparel and accessories through the Company's own full price *Calvin Klein Collection* retail store located in New York City, both of which the Company operates directly in support of the global licensing business.

Tommy Hilfiger North America Segment - The Company aggregates the results of its Tommy Hilfiger wholesale and retail divisions in North America into the Tommy Hilfiger North America segment. This segment derives revenue principally from (i) marketing *Tommy Hilfiger* branded apparel and related products at wholesale in the United States and Canada, primarily to department and specialty stores, and through licensees; and (ii) operating retail stores in the United States and Canada and an e-commerce website, which sell *Tommy Hilfiger* branded apparel, accessories and related products.

Tommy Hilfiger International Segment - The Company aggregates the results of its Tommy Hilfiger wholesale and retail divisions that operate outside of North America into the Tommy Hilfiger International segment. This segment derives revenue principally from (i) marketing *Tommy Hilfiger* branded apparel and related products at wholesale principally in Europe, primarily to department and specialty stores and franchise operators of *Tommy Hilfiger* stores, and through distributors and licensees; and (ii) operating retail stores and an e-commerce website in Europe and retail stores in Japan, which sell *Tommy Hilfiger* branded apparel, accessories and related products.

Other (Calvin Klein Apparel) Segment - The Company aggregates the results of its Calvin Klein apparel divisions into the Other (Calvin Klein Apparel) segment. This segment derives revenue from the Company's marketing at wholesale of apparel and related products under the brand names *Calvin Klein* and *ck Calvin Klein*, primarily to department, mid-tier department and specialty stores, and at retail through the Company's e-commerce website and *Calvin Klein* retail stores, which are primarily located in outlet centers in the United States.

The following table presents summarized information by segment:

	<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
	<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
<u>Revenue Heritage Brand Wholesale Dress Furnishings</u>				
Net sales	\$ 102,928	\$ 99,372	\$ 235,099	\$ 220,229
Royalty revenue	1,299	1,390	2,764	2,991
Advertising and other revenue	<u>637</u>	<u>309</u>	<u>1,016</u>	<u>732</u>
Total	104,864	101,071	238,879	223,952
<u>Revenue Heritage Brand Wholesale Sportswear</u>				
Net sales	88,545	88,817	223,875	212,938
Royalty revenue	2,624	2,948	5,101	5,435
Advertising and other revenue	<u>440</u>	<u>87</u>	<u>898</u>	<u>822</u>
Total	91,609	91,852	229,874	219,195
<u>Revenue Heritage Brand Retail</u>				
Net sales	171,432	158,746	306,615	285,043
Royalty revenue	1,185	1,330	2,368	2,332
Advertising and other revenue	<u>164</u>	<u>40</u>	<u>424</u>	<u>327</u>
Total	172,781	160,116	309,407	287,702
<u>Revenue Calvin Klein Licensing</u>				
Net sales	5,701	5,233	14,655	12,203
Royalty revenue	52,293	46,903	112,027	100,731
Advertising and other revenue	<u>20,449</u>	<u>18,866</u>	<u>42,849</u>	<u>40,183</u>
Total	78,443	71,002	169,531	153,117
<u>Revenue Tommy Hilfiger North America</u>				
Net sales	256,144	-	256,144	-
Royalty revenue	4,051	-	4,051	-
Advertising and other revenue	<u>833</u>	<u>-</u>	<u>833</u>	<u>-</u>
Total	261,028	-	261,028	-
<u>Revenue Tommy Hilfiger International</u>				
Net sales	263,293	-	263,293	-
Royalty revenue	6,654	-	6,654	-
Advertising and other revenue	<u>1,200</u>	<u>-</u>	<u>1,200</u>	<u>-</u>
Total	271,147	-	271,147	-
<u>Revenue Other (Calvin Klein Apparel)</u>				
Net sales	<u>123,396</u>	<u>105,242</u>	<u>242,446</u>	<u>202,742</u>
Total	123,396	105,242	242,446	202,742
<u>Total Revenue</u>				
Net sales	1,011,439	457,410	1,542,127	933,155
Royalty revenue	68,106	52,571	132,965	111,489

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Advertising and other revenue	<u>23,723</u>	<u>19,302</u>	<u>47,220</u>	<u>42,064</u>
Total	<u>\$1,103,268</u>	<u>\$529,283</u>	<u>\$1,722,312</u>	<u>\$1,086,708</u>

		<u>Thirteen Weeks Ended</u>		<u>Twenty-Six Weeks Ended</u>	
		<u>8/1/10</u>	<u>8/2/09</u>	<u>8/1/10</u>	<u>8/2/09</u>
Income before interest and taxes	Heritage Brand				
Wholesale					
Dress Furnishings		\$ 7,059	\$ 4,161	\$ 25,519	\$ 20,329 ⁽⁵⁾
Income before interest and taxes					
Heritage Brand Wholesale					
Sportswear		7,194	11,249 ⁽⁴⁾	28,082	27,849 ⁽⁵⁾
Income before inter					