PHILLIPS VAN HEUSEN CORP /DE/
Form 424B3
July 13, 2004
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Registration File No.: 333-116552

PROSPECTUS

# PHILLIPS-VAN HEUSEN CORPORATION

Offer to Exchange up to $150,000,000
7¼% Senior Notes Due 2011
for any and all outstanding
$150,000,000 7¼% Senior Notes Due 2011

The Exchange Offer

- We are offering to exchange all of our outstanding 7¼% Senior Notes due 2011 (outstanding notes) that are validly tendered and not withdrawn for an equal principal amount of exchange notes which have been registered under the Securities Act (exchange notes).
- You may withdraw tenders of outstanding notes at any time prior to the expiration or termination of this exchange offer.
- This exchange offer expires at 5:00 p.m., New York City time, on August 12, 2004, unless extended. We do not currently intend to extend the expiration date.
- We will not receive any proceeds from this exchange offer.

The Exchange Notes

- The terms of the exchange notes to be issued in this exchange offer are substantially identical in all material respects to those of the outstanding notes, except that the exchange notes will be freely tradeable.

Resales of Exchange Notes

- There is no existing public market for the outstanding notes or the exchange notes. We do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading system. The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of these methods.

Brokers-Dealers

- Each broker-dealer that receives exchange notes for its own account pursuant to this exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. The letter of transmittal states that 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.
- 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 outstanding notes where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities.

- We have agreed that, for a period of 180 days after the expiration date of this exchange offer, we will make this prospectus available to any broker-dealer for use in connection with the resale of exchange notes. See "Plan of Distribution."

You should consider carefully the risk factors beginning on page 22 of this prospectus before participating in this exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 7, 2004.

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CERTAIN INTRODUCTORY MATTERS

As used in this prospectus, the terms "we," "our" or "us" refer to Phillips-Van Heusen Corporation and its subsidiaries taken as a whole, unless the context otherwise indicates.

References to our acquisition of Calvin Klein refer to our February 2003 acquisition of Calvin Klein, Inc., Calvin Klein (Europe), Inc., Calvin Klein (Europe II) Corp., Calvin Klein Europe S.r.l. and CK Service Corp.

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to:

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

Oral requests should be made by calling (212) 381-3500.

IN ORDER TO OBTAIN TIMELY DELIVERY, YOU MUST REQUEST THE INFORMATION NO LATER THAN AUGUST 5, 2004, WHICH IS FIVE BUSINESS DAYS BEFORE THE EXPIRATION DATE OF THIS EXCHANGE OFFER.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Van Heusen®, Bass®, G.H. Bass & Co.®, IZOD®, IZOD G®, Calvin Klein®, ck®, ck Calvin Klein® and Calvin Klein Collection® are registered trademarks that we own. This prospectus also includes trademarks, service marks and trade names owned by other companies, such as Geoffrey Beene®, Arrow®, Kenneth Cole New York®, Kenneth Cole Reaction®, BCBG Max Azria®, BCBG Attitude®, MICHAEL Michael Kors®, Sean John®, Sean John Collection® and Chaps®. All trademarks, service marks and trade names included in this prospectus are the property of their respective owners. All italicized brand names included in this prospectus refer to brands identified by registered or common law trademarks.



FORWARD-LOOKING INFORMATION

Some of the matters discussed under the captions "Summary," "Risk Factors," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and elsewhere in this prospectus include forward-looking statements based on current expectations, estimates, forecasts and projections, beliefs and assumptions made by our management. You can identify these forward-looking statements by the use of words like "strategy," "expect," "plan," "believe," "will," "estimate," "intend," "project," "goals," "target," "anticipating," "hope" and other words of similar meaning. You can also identify them by the fact that they do not relate strictly to historical or current facts.

Even though we believe our expectations regarding future events are based on reasonable assumptions, forward-looking statements are not guarantees of future performance. In evaluating these statements, you should specifically consider various risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Certain of such risks and uncertainties include those listed under the caption "Risk Factors," many of which are beyond our ability to control or predict. You are cautioned not to unduly rely on these forward-looking statements when evaluating the information included or incorporated by reference into this prospectus.

These forward-looking statements speak only as of the date of this prospectus. We undertake no obligation to review or revise any particular forward-looking statements included or incorporated by reference in this prospectus to reflect events, conditions or circumstances occurring after the date of this prospectus or to reflect the occurrence of unanticipated events.



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## SUMMARY

This summary highlights the material information about our company and this exchange offer. This summary does not contain all of the information that may be important to you in deciding whether to participate in this exchange offer. You should read the entire prospectus, including the "Risk Factors" section, our audited and unaudited consolidated financial statements and the notes to those financial statements. Our fiscal years are based on the 52-53 week period ending on the Sunday closest to February 1, and are designated by the calendar year in which the fiscal year commences.

### Phillips-Van Heusen Corporation

We are one of the largest apparel companies in the world, with a heritage dating back over 120 years. We design and market nationally recognized branded dress shirts, sportswear and, to a lesser degree, footwear and other related products. We believe we market approximately one in three of the dress shirts sold in the United States and have a leading position in men's sportswear tops. Our portfolio of brands includes our own brands, Van Heusen, IZOD, Bass, G.H. Bass & Co., Calvin Klein Collection, Calvin Klein, ck and ck Calvin Klein and our licensed brands, Geoffrey Beene, Arrow, Kenneth Cole New York, Kenneth Cole Reaction, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Sean John, Sean John Collection and Chaps. On February 2, 2004, we exited the wholesale footwear business by licensing the Bass brand for wholesale distribution of footwear to Brown Shoe Company, Inc.

We design, source and market substantially all of our products on a brand-by-brand basis targeting distinct consumer demographics and lifestyles. We market our brands at multiple price points and across multiple channels of distribution. This allows us to provide products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, merchandise preference or distribution channel. Currently, our apparel products are distributed at wholesale through more than 10,000 doors in national and regional department, mid-tier department, mass market, specialty and independent stores in the United States. We also leverage our apparel design and sourcing expertise by offering private label dress shirt programs to retailers. Our wholesale business represents our core business and we believe that it is the basis for our brand equity. As a profitable complement to our wholesale business, we also market products directly to consumers through our own Van Heusen, IZOD, Geoffrey Beene and Bass stores, primarily located in outlet malls throughout the United States, as well as 17 recently-opened Calvin Klein stores, located in premium outlet malls in the United States.

In 2003, we acquired Calvin Klein, a leading lifestyle design and marketing company, whose brands enjoy high global recognition. We believe that the Calvin Klein brands — Calvin Klein Collection, ck, Calvin Klein and ck Calvin Klein — complement our portfolio of brands by providing us with the opportunity to market products at higher price points, in higher-end distribution channels and to different consumer groups than our other product offerings. Although the Calvin Klein brand is well established and, we believe, enjoys strong brand awareness among consumers worldwide, at the time of the acquisition, there were numerous product areas in which no products, or only a limited number of products, were offered under any Calvin Klein label, including men's and women's better sportswear, footwear and certain accessories. We are in the process of introducing in the United States a Calvin Klein men's better sportswear line for the Fall 2004 season, and, through our licensing arrangement with Kellwood Company, we introduced a women's better sportswear line for the Spring 2004 season. In addition, through our licensing arrangement with G.A.V., we will introduce a women's bridge sportswear line under the ck Calvin Klein brand in the United States in late 2004. We believe our expertise in brand management, product design, sourcing and other logistics provides us with the ability to successfully expand product offerings and distribution under the Calvin Klein brands while preserving the brands' prestige and global presence. As a result, we believe we have the opportunity to realize sales growth and enhanced profitability.

Worldwide retail sales of products sold under the Calvin Klein brands were approximately $3 billion in calendar 2003. These products are sold primarily under licenses and other arrangements and

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include jeans, underwear, fragrances, eyewear, men's tailored clothing, ties, shoes, hosiery, socks, swimwear, watches, coats, leather goods, table top and soft home furnishings and accessories. In addition, collections of high-end apparel and accessories for men and women are sold under the Calvin Klein Collection brand. We believe these collections are an important factor in maintaining the Calvin Klein image. The collection apparel and accessories are sold to a limited number of high-end department stores and independent boutiques throughout the world and through three company-operated stores located in New York City, Dallas and Paris. Through calendar 2003, we designed, manufactured and marketed these collections. Commencing with the Spring 2004 collection, the collection apparel businesses have been licensed to Vestimenta, S.p.A., one of the world's leading manufacturers and distributors of women's and men's high-end apparel. Calvin Klein Inc. controls all design operations and product development for most of its licensees, including Vestimenta, and, through its CRK Advertising division, oversees a worldwide marketing and advertising budget of approximately $200 million, the majority of which is funded by its licensees. We believe that maintaining control over design and advertising through dedicated in-house teams plays a key role in the continued strength of the Calvin Klein brands.

Our business includes the design, sourcing and marketing of a varied selection of branded and private label dress shirts, sportswear and footwear as well as the licensing of brands for an assortment of products:

- Dress Shirts: Our dress shirt business, which generated, through the wholesale channel, 20.3% of our fiscal 2003 revenues, includes the design and marketing of dress shirts in a broad selection of styles and colors that are sold at retail price points generally ranging from $20 to $65 a shirt.
  - Van Heusen
    - The best selling dress shirt brand in the United States
    - Updated classical style at opening to moderate price points
    - Distributed through more than 3,500 doors, principally in department stores, including Belk, Inc., Federated Department Stores, Inc., J. C. Penney Company, Inc., The May Department Stores Company and Saks Inc., and through our Van Heusen retail stores
  - Arrow
    - Mid-tier department store complement to Van Heusen
    - Updated classical style at opening to moderate price points
    - Distributed through more than 2,000 doors, including Kohl's Corporation and Sears, Roebuck & Co.
  - IZOD
    - Modern traditional style at moderate price points
    - Distributed through more than 1,100 doors, principally in department stores, including Belk and May
  - Geoffrey Beene
    - The best selling designer dress shirt brand in department stores in the United States
    - Slightly advanced fashion for the more style conscious consumer at moderate to upper moderate price points
    - Distributed through more than 2,500 doors, principally in department stores, including Federated, Marshall Field's, May and Saks, and through our Geoffrey Beene retail stores



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  - Calvin Klein
    - Seventh best selling dress shirt brand in department stores in the United States
    - Classical contemporary style at better price points
    - Distributed through more than 540 doors, principally in department stores, including Federated, Marshall Field's and May
  - Kenneth Cole
    - Kenneth Cole New York is the sixth best selling dress shirt brand in department stores in the United States
    - Kenneth Cole New York targets the modern consumer and Kenneth Cole Reaction a more youthful, modern consumer, both at better price points
    - Kenneth Cole New York is distributed through more than 600 doors, principally in department stores, including Dillard's, Inc., Federated, Marshall Field's and May
    - Kenneth Cole Reaction is distributed through more than 260 doors, principally in department stores, including Federated and May
  - New Introductions
    - BCBG Max Azria and BCBG Attitude, introduced for Father's Day 2004
      — Contemporary style at the opening price point (BCBG Attitude) and upper price points (BCBG Max Azria) in the better range

— Specialty and department store distribution

• MICHAELMichael Kors, to be introduced for Fall 2004

— Modern preppy styling at better price points

— Specialty and department store distribution

• Sean John and Sean John Collection, to be introduced for Holiday 2004

— Modern style at the opening price point (Sean John) and upper price points (Sean John Collection) in the better range

— Specialty and department store distribution

• Chaps, to be introduced for Holiday 2004

— Updated traditional styling at moderate price points

— Mid-tier department store distribution

• Private Label

• Leverages our design, sourcing and logistics competencies

• Distributed in department and mass market stores

• Store labels include Stafford for JCPenney, Grant Thomas for Lord & Taylor, Cezani for Saks and Puritan and George for Wal-Mart Stores, Inc.

• Sportswear: Our sportswear business, which generated 49.2% of our fiscal 2003 revenues, includes moderately priced men's knit and woven sports shirts, sweaters, bottoms, swimwear, boxers and outerwear marketed at wholesale and sportswear, accessories and other apparel for men and women offered in our Van Heusen, IZOD and Geoffrey Beene retail stores.



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• IZOD

• The best selling main floor department store men's sportswear tops brand in the United States

• Active-inspired lifestyle brand

• Distributed through more than 2,400 doors, principally in department stores, including Belk, Federated, JCPenney, May and Saks, and through our IZOD retail stores

• Van Heusen

• The best selling main floor department store men's woven sports shirt brand in the United States

• Updated classical style

• Distributed through more than 3,500 doors, principally in department stores, including Belk, Federated, JCPenney, May and Saks, and through our Van Heusen retail stores

• Arrow

• Mid-tier department store complement to Van Heusen

• Updated classical style

• Distributed through more than 2,000 doors, including Kohl's and Sears

• Geoffrey Beene

• Positioned as a designer label for men's woven and knit sport shirts on the main floor of department stores

• Slightly advanced fashion for the more style conscious consumer

• Distributed through more than 800 doors, principally in department stores, including Federated, Marshall Field's and May, and through our Geoffrey Beene retail stores

• Calvin Klein

• Men's better sportswear line to be introduced for the Fall 2004 season

    - Anticipated distribution through 200 to 250 doors, in better fashion department and specialty stores, and through our Calvin Klein retail stores.
- Footwear and Related Products: Our footwear and related products business, which generated 21.5% of our fiscal 2003 revenues, includes casual and dress casual shoes for men, women and children marketed at wholesale and in our Bass retail stores and Bass apparel and accessories for men and women offered only in our Bass retail stores. Effective February 2, 2004, we entered into an agreement to license our Bass wholesale footwear business to Brown Shoe Company, Inc., a leading footwear retailer and wholesaler of branded and private label footwear. Brown Shoe has assumed responsibility under the license agreement for the design, sourcing and marketing of footwear at wholesale, on a worldwide basis, under the Bass label, while we retain approval rights over design, marketing and distribution. The initial term of the license expires on January 31, 2007 and may be extended through January 31, 2013, subject to certain conditions. We will continue to operate our Bass retail stores.
  - Bass
    - Leading position in men's casual footwear in the United States
    - Classic American style footwear at moderate price points

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- Licensing: We license our brands globally for a broad range of products. The licensing of our brands generated 9.0% of our fiscal 2003 revenues. We believe royalty and other revenues provide us with a relatively stable flow of revenues with high margins, and extend and strengthen our brands globally.
  - Calvin Klein
    - Key product categories include jeans, underwear, fragrances, eyewear, collection apparel, men's tailored clothing, ties, shoes, hosiery, socks, swimwear, watches, coats, leather goods, table top and soft home furnishings and accessories
    - Approximately 54% of revenues from business partners was generated by domestic business partners and approximately 46% by foreign business partners
    - Key business partners include Warnaco, Inc., Unilever N.V. and Marchon Eyewear, Inc.
    - Introduced a women's better sportswear line in the United States for the Spring 2004 season through our licensing arrangement with Kellwood
  - Van Heusen
    - Licensing domestically for men's pants, sleepwear, neckwear, belts, hosiery, handkerchiefs, small leather goods, 'big and tall' apparel, men's and women's eyewear and boys' apparel
    - Licensing in Canada, Central and South America, Europe, Africa, Asia and the Pacific Rim for dress shirts, sportswear and other apparel
  - IZOD
    - Licensing domestically for women's sportswear, men's tailored clothing, neckwear, belts, big and tall' sportswear, leather outerwear, loungewear and pajamas, men's and women's hosiery, men's, women's and boys' eyewear and sunwear, boys' sportswear and bed and bath home products
    - Licensing in Canada and Australia for men's and women's sportswear
    - Licensing domestically of the IZOD G name for men's and women's golf apparel primarily for distribution in the green grass and resort channels of distribution

- Bass
  - Entered into an agreement effective February 2, 2004 to license our wholesale footwear business to Brown Shoe on a worldwide basis

Our Competitive Strengths

We have a diversified portfolio of nationally recognized brands.    We have developed a portfolio of brands targeted to a broad spectrum of consumers. Our owned brands have long histories — Bass dates back to 1876, Van Heusen to the early 1920s and IZOD to the 1930s — and enjoy high recognition within their respective consumer segments. The acquisition of Calvin Klein and its prestigious brands provides us with the opportunity to develop businesses that target different consumer groups at higher price points and in higher-end distribution channels than our other brands, as well as with significant global opportunities due to the worldwide recognition of the Calvin Klein brands.

We have an established multi-channel distribution model.    We have a diversified sales distribution strategy that includes an established multi-channel wholesale business and a complementary retail store base. Currently, we distribute our products through more than 10,000 doors in the United States in national and regional department, mid-tier department, mass market, specialty and independent



stores. In addition, we currently operate approximately 700 retail stores, primarily in outlet malls throughout the United States, under the Van Heusen, IZOD, Bass and Geoffrey Beene names. We announced at the end of 2003 our intention to close underperforming stores over the next two years. Since October 29, 2003, we have opened 17 Calvin Klein stores in premium outlet malls in the United States. We believe our profitable retail division is an important complement to our wholesale operations because we believe that our stores further enhance consumer awareness of our brands, including by offering products that are not available in our wholesale lines or, in the case of our Calvin Klein outlet stores, offering a broad spectrum of Calvin Klein products to communicate the Calvin Klein lifestyle, while also providing a means for managing excess inventory.

We are a leader in the dress shirt and sportswear tops markets.    Our dress shirt brands have the highest market share in the $2 billion U.S. dress shirt market. We believe we market approximately one in three of the dress shirts sold in the United States. In 2003, sales of our dress shirt brands were approximately 44% of dress shirt sales in U.S. department stores, which is the largest sales channel for dress shirts. We also continue to experience sales growth in the large and fragmented U.S. men's sportswear tops market. We believe that the high recognition and depth of our brand offerings enables us to maintain, and offers us the opportunity to increase, main floor space with our customers.

We have a stable and diversified business.    Our diversified portfolio of apparel brands and apparel and footwear products and our use of multiple channels of distribution has allowed us to develop a business that produces results that are not dependent on any one demographic group, merchandise preference or distribution channel. We believe that our diversification reduces our reliance on any single market or product category and increases the stability of our business. Our acquisition of Calvin Klein provides us with a significantly expanded source of licensing revenues which we believe adds to the stability of our business.

We have had success in acquiring, managing, developing and positioning new brands.    Over the past several years, we have been successful in acquiring, managing, developing and positioning several brands within our existing business, including IZOD, Arrow and Kenneth Cole. For example in 1995, we acquired the IZOD brand, and since then have grown it into the leading main floor department store men's sportswear tops brand. We have grown the wholesale sales of IZOD by over 400% since 1995. We began marketing IZOD dress shirts in the third quarter of fiscal 2001 and, for 2003, IZOD was the tenth best selling dress shirt brand in U.S. department stores. We acquired the Kenneth Cole license in 2000. Since 2001, our first full year under the license, we have increased wholesale sales in units and dollars by 75% and 55%, respectively, and Kenneth Cole New York dress shirts have gone from outside of the top ten best selling dress shirts in U.S. department stores to the sixth best selling dress shirt in U.S. department stores.

We have sophisticated and established sourcing, logistics, warehouse and distribution systems. Our centralized capabilities for worldwide procurement and sourcing support our efforts to deliver to our customers competitive, high quality and low cost goods on a timely basis. We have an extensive, established network of worldwide sourcing partners which allows us to meet our customers' needs in an efficient manner, with neither reliance on any one vendor or factory, nor reliance on vendors or factories in any one country. We also operate a system of wholesale and retail distribution centers which we believe have sufficient capacity to accommodate future growth, including our strategies for our Calvin Klein businesses, without a significant increase in capital expenditures. We believe that our investments in logistics and supply chain management allow us to respond rapidly to changes in sales trends and customer demands while enhancing our inventory management efficiencies.

We have a highly experienced management team. Our executive management team has extensive experience in the apparel industry, and many of our senior executives have spent the majority of their professional careers with us. Bruce J. Klatsky, our Chairman and Chief Executive Officer, and Mark Weber, our President and Chief Operating Officer, have each been with us for over 30 years. In addition, the other 24 members of our senior management team have an average of over 23 years of industry experience.



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Our Business Strategy

We intend to capitalize on the significant opportunities presented by our acquisition of Calvin Klein, as well as focus on strengthening our core business, through the execution of the following strategies:

Management and development of the Calvin Klein brands. The acquisition of Calvin Klein provides us with the opportunity to use our core competencies to expand the product offerings under the globally-recognized Calvin Klein brands and to bring these new product offerings into additional channels of distribution. Additionally, we have taken actions to realize significant corporate and administrative cost savings within the Calvin Klein business. Our actions have been consistent with preserving the brands' prestige and global presence. Our primary development and growth initiatives include:

- Maintain and enhance the core Calvin Klein licensing business. We intend to continue to license the Calvin Klein brands to existing licensees and to seek additional licensing partners as profitable opportunities arise. We believe that licensing the brands provides us with a relatively stable flow of revenues with high margins and enables us to market globally the Calvin Klein brands across multiple product categories, further enhancing the image and reach of these lifestyle brands.
- Develop a Calvin Klein men's better sportswear line. Calvin Klein does not currently offer men's better sportswear. We are in the process of introducing in the United States a Calvin Klein men's better sportswear line for the Fall 2004 season. Our line is intended to reflect the Calvin Klein style and capitalize on the strong Calvin Klein brand identity. The line is being

marketed and sold to better fashion department and specialty store customers and will be sold in sportswear collection areas and specially designed shop-in-shops complementing the existing main floor sportswear offerings of our other brands. We expect to capitalize on our experience in developing successful sportswear lines, sourcing expertise and strong wholesale customer relationships to take advantage of this market opportunity.

• Successfully develop the licensing relationship for the Calvin Klein women's better sportswear line. We entered into a licensing agreement in June 2003 with Kellwood to develop a women's better sportswear line to be marketed in North, Central and South America under the Calvin Klein name. This line was launched in the United States for the Spring 2004 season and was in stores beginning in March 2004. Previously, women's better sportswear was not offered under any of the Calvin Klein brands. Pursuant to the agreement, Kellwood is collaborating with G.A.V., a new business venture headed by Andrew Grossman and Alexander Vreeland, to help develop and launch the line. Design, sales and marketing are the responsibility of Messrs. Grossman and Vreeland, while Kellwood is responsible for production, sourcing and distribution and providing working capital relating to G.A.V.'s performance under the license agreement. We have design and customer approval rights, and we control branding, advertising and public relations. We believe that this line will become a prominent brand in the women's better sportswear sector because of the image and strength of the Calvin Klein brand.

• Successfully develop the licensing relationship for the Calvin Klein men's and women's high-end collection apparel businesses. We have licensed our men's and women's high-end collection apparel businesses to Vestimenta, one of the world's leading manufacturers and distributors of women's and men's high-end apparel, commencing with the Spring 2004 collection. In recent years, Calvin Klein had operated these businesses directly. The license is an exclusive, worldwide, 10-year license for the Calvin KleinCollection brand. Vestimenta is responsible for the merchandising, manufacturing, quality control, selling, warehousing and shipping aspects of such businesses. Our Calvin Klein design and advertising teams are responsible for substantially all design, marketing, advertising and public relations aspects of the collection apparel businesses and approve the wholesale customers to which Vestimenta sells the collections. We believe this business relationship will optimize our global opportunities for collection apparel, enhance the image of the Calvin Klein brands and result in cost savings.



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• Operate Calvin Klein retail outlet stores. We are expanding our retail offerings by opening Calvin Klein stores in premium outlet malls that are consistent with the Calvin Klein image and in which other prestige designers maintain stores. Since October 29, 2003, we have opened 17 stores in the United States. We currently intend to open as many as 75 Calvin Klein outlet stores over the next four to five years in such premium outlet malls. The Calvin Klein stores offer Calvin Klein men's and women's apparel and other Calvin Klein licensed products. We believe that the strength of the Calvin Klein brands, our strong presence and considerable experience operating stores in outlet malls across the United States and our established relationships with landlords of the premium outlet malls should enable us to successfully execute this strategy.

• Reduce overhead expenses. We believe that Calvin Klein's corporate overhead and back office expenses were significantly higher than required by the size and needs of its business. We have taken actions to significantly reduce these costs and integrate many Calvin Klein overhead functions with our current operations, the result of which, we believe, will be increased cash flow and profitability of our Calvin Klein business. We have not reduced, and do not intend to reduce, the in-house marketing and advertising and design divisions of Calvin Klein.

Continue to strengthen the competitive position and image of our current brand portfolio. We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness and consumer loyalty. We believe that our brands are successful in their respective segments because we have strategically positioned each brand to target a distinct consumer demographic. We will continue to design and market our branded products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers and produce consumer loyalty.

- Enhance our relationships. We will seek to increase our market share within the dress shirt and sportswear segments by enhancing our relationships with existing customers and gaining increased floor space. We believe the broad appeal and diversity of our products, together with our customer, advertising and marketing support and our ability to offer products with innovative qualities, will enable us to expand and develop relationships with apparel retailers in the United States and internationally. In addition, we will continue to provide private label products as profitable opportunities arise.
- Increase our sportswear market penetration. We believe that our brands offer retailers advantages over many of the current less recognized labels available on the main floor due to the name recognition of our brands, the style, price and value equation we offer and the customer, advertising and marketing support that we provide. Our wholesale men's sportswear sales have increased 29.6% from 1998 to 2003. We believe our brands' advantages, as well as expected growth in this large and fragmented segment of the men's apparel market, provide us with an opportunity for further growth.
- Expand our network of licensing partners for future product extension. We believe our nationally recognized brand names provide us with growth opportunities in product licensing. We will seek to strengthen our existing licensing relationships and to align ourselves with new licensing partners to take advantage of these growth opportunities as they arise. These opportunities may include the licensing of our brand names across other product categories and internationally.

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



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Calvin Klein Acquisition

On February 12, 2003, we acquired Calvin Klein, one of the leading lifestyle design and marketing companies in the world. The total net consideration paid for our acquisition of Calvin Klein was $431.6 million and was comprised of $401.6 million in net cash and $30.0 million of our common stock issued to the sellers. Additional terms of the Calvin Klein acquisition include:

- Mr. Klein is receiving contingent purchase price payments for 15 years based on a percentage of total worldwide net sales of products bearing any of the Calvin Klein brands.
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Mr. Klein received a nine-year warrant to purchase 320,000 shares of our common stock at $28 per share.

- Mr. Klein entered into a three-year consulting agreement with us for $1.0 million per year.

We funded the cash portion of the purchase price through:

- An investment of $250.0 million in our Series B convertible preferred stock made by affiliates of Apax Managers, Inc. and Apax Partners Europe Managers Limited. The Series B convertible preferred stock has a dividend rate of 8% per annum payable in cash. If we elect not to pay a cash dividend for any quarter, then the Series B convertible preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid.
- The borrowing of $100.0 million of a $125.0 million secured term loan from the Apax affiliates. The additional $25.0 million of the term loan was drawn down on March 14, 2003. This loan was repaid in full in May 2003 with a portion of the net proceeds from the sale of our 8 1/8% senior notes due 2013.
- $51.6 million of cash-on-hand.

Our Equity Investor

Simultaneously with our acquisition of Calvin Klein, the affiliates of Apax Managers, Inc. and Apax Partners Europe Managers Limited invested $250.0 million in our company through the purchase of shares of our newly-authorized Series B convertible preferred stock. For a description of the Series B convertible preferred stock issued to the Apax affiliates, see "Description of Certain Other Indebtedness and Preferred Stock — Preferred Stock — Series B Convertible Preferred Stock." In addition, in connection with the Calvin Klein acquisition, the Apax affiliates provided us with a secured term loan which we repaid with a portion of the net proceeds from the sale of our 8 1/8% senior notes due 2013.

Apax Partners, one of the world's leading international private equity investment groups, manages and advises more than $12 billion on behalf of institutional investors worldwide. Its cross-border teams of more than 170 investment professionals in the United States, Europe, Israel and Japan work together to identify opportunities in the Retail/Consumer Products, Information Technology, Telecommunications, Healthcare, Media and Financial Services industries. Apax Partners has developed an expertise in retail and consumer-related businesses over the past 30 years. To date, the firm has backed over 80 such companies, including Office Depot, Sunglass Hut, America Online, Sephora, Chevy's, Aigle and Morgan International.

Corporate Information

Phillips-Van Heusen Corporation was incorporated in Delaware in 1976 and is the successor to a business started in 1881 and, with respect to our footwear products, to G.H. Bass & Co., started in 1876. Our executive offices are located at 200 Madison Avenue, New York, New York 10016. Our telephone number is (212) 381-3500 and our corporate website address is www.pvh.com. Information contained on our corporate website is not incorporated by reference into this prospectus, and you should not consider information contained on our corporate website as part of this prospectus.



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SUMMARY OF THE EXCHANGE OFFER

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| The Initial Offering of Outstanding Notes | We sold the outstanding notes on February 18, 2004 to Credit Suisse First Boston LLC, J.P. Morgan Securities Inc., Lehman Brothers Inc. and Fleet Securities, Inc. We collectively refer to those parties in this prospectus as the "initial purchasers." The initial purchasers subsequently resold the outstanding notes to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to persons outside the United States in reliance on Regulation S. |
| The Exchange Offer | We are offering to exchange up to $150.0 million aggregate principal amount of 7¼% Senior Notes due 2011, which will be registered under the Securities Act, for up to $150.0 million aggregate principal amount of outstanding 7¼% Senior Notes due 2011. In order to be exchanged, an outstanding note must be properly tendered and accepted. We will issue $1,000 principal amount of exchange notes for each respective $1,000 principal amount of outstanding notes validly tendered and not withdrawn pursuant to this exchange offer. We will issue exchange notes promptly after the expiration of this exchange offer. |
| Expiration Date | This exchange offer expires at 5:00 p.m., New York City time, on August 12, 2004, unless we decide to extend the expiration date, in which case the term "expiration date" means the latest date and time to which we extend this exchange offer. For more information, see "Exchange Offer — Expiration Date; Extensions; Amendments." |
| Withdrawal Rights | You may withdraw the tender of your outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date. Any outstanding notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of this exchange offer. For more information, see "Exchange Offer — Withdrawal of Tenders." |
| Conditions to the Exchange Offer | This exchange offer is subject to customary conditions. See "Exchange Offer — Conditions." |
| Procedures for Tendering Outstanding Notes | If you wish to tender your notes for exchange in this exchange offer, you must transmit to the exchange agent on or before 5:00 p.m., New York City time, on the expiration date either:<br>• an original or a facsimile of a properly completed and duly executed copy of the letter of transmittal which accompanies this prospectus, together with your |



outstanding notes and any other documentation required by the letter of transmittal, at the address

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| | provided on the cover page of the letter of transmittal; or<br>• if the notes you own are held of record by The Depositary Trust Company (DTC) in book-entry form and you are making delivery, by book-entry transfer, a computer-generated message transmitted by means of DTC's Automated Tender Offer Program System (ATOP) in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the exchange agent, will form a part of a confirmation of book-entry transfer, DTC will facilitate the exchange of your notes and update your account to reflect the issuance of the exchange notes to you. ATOP allows you to electronically transmit your acceptance of this exchange offer to DTC instead of physically completing and delivering a letter of transmittal to the exchange agent.<br>For more information see "Exchange Offer — Procedures for Tendering." |
| Special Procedures for Beneficial Owners | If you are the beneficial owner of book-entry interests and your name does not appear on a security position listing of DTC as the holder of the book-entry interests or if you are a beneficial owner of outstanding notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the book-entry interest or outstanding notes in this exchange offer, you should contact the person in whose name your book-entry interests or outstanding notes are registered promptly and instruct that person to tender on your behalf. For more information, see "Exchange Offer — Procedures for Tendering." |
| Guaranteed Delivery Procedures | If you wish to tender your outstanding notes and:<br>• time will not permit your notes or other required documents to reach the exchange agent by 5:00 p.m., New York City time, on the expiration date; or<br>• the procedure for book-entry transfer cannot be completed on time;<br>you may tender your notes by completing a notice of guaranteed delivery and complying with the guaranteed delivery procedures. For more information, see "Exchange Offer — Guaranteed Delivery Procedures." |
| Resales of the Exchange Notes | Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe |

that the exchange notes you receive in this exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

- you are acquiring the exchange notes in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in this exchange offer; and
- you are not an affiliate of ours within the meaning of Rule 405 of the Securities Act.

If any of these conditions are not satisfied and you transfer any exchange notes issued to you in this exchange offer without delivering a resale prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange notes from these requirements, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

Each broker-dealer that is issued exchange notes in this exchange offer for its own account in exchange for outstanding notes must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other retransfer of the exchange notes issued to it in this exchange offer in exchange for outstanding notes that were acquired by that broker-dealer as a result of market-making or other trading activities. For more information, see "Exchange Offer — Resale of the Exchange Notes."

Registration Rights Agreement

In connection with the initial sale of the outstanding notes, we entered into a registration rights agreement with the initial purchasers. In that agreement we agreed, among other things, to use our reasonable best efforts to file the registration statement of which this prospectus forms a part with the SEC within 120 days after the date we issued the outstanding notes. We also agreed to cause the registration statement to become effective within 210 days after the date we issued the outstanding notes and to consummate this exchange offer within 40 days after the registration statement becomes effective. This exchange offer is intended to satisfy your rights and our obligations with respect to an exchange offer under the registration rights agreement. If we fail to satisfy those obligations, we agreed

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| | to pay additional interest on the outstanding notes. After this exchange offer is complete, you will no longer be entitled to any exchange and certain registration rights with respect to your outstanding notes. |
| | Under certain circumstances set forth in the registration rights agreement, holders of notes, including holders who are not permitted to participate in this exchange offer or who may not freely sell exchange notes received in this exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the notes by these holders. For more information, see "Description of the Notes — Registered Exchange Offer; Registration Rights." |
| Effect on Holders of Outstanding Notes | As a result of making this exchange offer, and upon acceptance for exchange of all validly tendered outstanding notes pursuant to the terms thereof, we will have fulfilled one of the covenants contained in the registration rights agreement and, accordingly, we will not be obligated thereunder to pay additional interest for failure to take these actions. If you are a holder of outstanding notes and you do not tender them in this exchange offer, you will continue to hold them and you will be entitled to all the rights and subject to all the limitations applicable to the outstanding notes in the indenture, except for any rights under the registration rights agreement that by their terms terminate upon consummation of this exchange offer. |
| | To the extent that outstanding notes are tendered and accepted in this exchange offer, the trading market for the outstanding notes could be adversely affected. |
| Consequences of Failure to Exchange | All untendered outstanding notes will continue to be subject to the restrictions on transfer provided for therein and in the indenture governing the notes. In general, the outstanding 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. Other than in connection with this exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act. For more information, see "Exchange Offer — Consequences of Failure to Exchange." |
| Exchange Agent | SunTrust Bank is serving as the exchange agent in connection with this exchange offer. The address and telephone number of the exchange agent are set forth under "Exchange Offer — Exchange Agent" at page 86. |

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| Federal Income Tax Considerations | Based upon advice from counsel, we believe that the exchange of outstanding notes for exchange notes will not be a taxable event for U.S. federal income tax purposes. See "Material Federal Income Tax Consequences." |
| Use of Proceeds | We will not receive any proceeds from the issuance of exchange notes pursuant to this exchange offer. We will pay all of our expenses incident to this exchange offer. |

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SUMMARY OF TERMS OF THE EXCHANGE NOTES

The terms of the exchange notes to be issued in this exchange offer are substantially identical in all material respects to those of the outstanding notes, except that:

- the exchange notes will be registered under the Securities Act;
- the exchange notes will not be entitled to certain registration rights under the registration rights agreement; and
- some of the contingent interest rate provisions of the registration rights agreement will no longer be applicable.

The exchange notes will represent the same debt as the outstanding notes. Both the outstanding notes and the exchange notes are governed by the same indenture. We use the term "notes" in this prospectus to collectively refer to the outstanding notes and the exchange notes.

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|---|---|
| Issuer | Phillips-Van Heusen Corporation |
| Securities Offered | $150.0 million aggregate principal amount of 7¼% Senior Notes due 2011. |
| Maturity Date | February 15, 2011. |
| Interest | Interest on the exchange notes accrues from the last interest payment date on which interest was paid on the outstanding notes surrendered for them, or, if no interest has been paid on such outstanding notes, from February 18, 2004. We will not pay interest on the outstanding notes accepted for exchange. Interest is payable on February 15 and August 15 of each year, commencing August 15, 2004. |
| Optional Redemption | We may redeem any of the notes beginning on February 15, 2008. The initial redemption price is 103.625% of their principal amount, plus accrued interest. The redemption price will decline in each year after 2008 and will be 100% of their principal amount, plus accrued interest, beginning on February 15, 2010.<br>In addition, before February 15, 2007, we may redeem up |

to 35% of the aggregate principal amount of the notes with the proceeds of certain equity offerings at 107.25% of their principal amount, plus accrued interest. See "Description of the Notes — Optional Redemption."

Ranking

The notes are our senior unsecured obligations and rank equally in right of payment with all of our other existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness.

The notes are effectively subordinated to all of our existing and future secured indebtedness and other secured obligations to the extent of the value of the security for such indebtedness and obligations, including all



indebtedness incurred under our senior secured revolving credit facility, our 7¾% debentures due 2023 and our obligation to make contingent purchase price payments to Mr. Calvin Klein in connection with our acquisition of Calvin Klein. In addition, because our subsidiaries have not guaranteed the payment of principal and interest on the notes, the notes are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

As of May 2, 2004, we had $399.5 million of indebtedness outstanding on a consolidated basis, including $99.5 million of secured indebtedness (excluding $147.0 million of outstanding letters of credit) and $150.0 million of unsecured pari passu indebtedness (excluding senior indebtedness). See "Description of the Notes — Ranking."

Change of Control

Upon the occurrence of certain change of control events, each holder may require us to repurchase all or a portion of the notes at a purchase price of 101% of their principal amount plus accrued interest, if any, to the date of purchase. See "Description of the Notes — Change of Control."

Covenants

The indenture contains covenants that limit our ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make distributions on, or redeem or repurchase, our capital stock or subordinated indebtedness;
- make other restricted payments, including investments;
- enter into arrangements that restrict dividends from our subsidiaries;
- 

- sell or otherwise dispose of assets, including capital stock of our subsidiaries;
- enter into transactions with affiliates;
- issue stock of subsidiaries;
- create certain liens;
- enter into sale/leaseback transactions; and
- consolidate or merge or sell all or substantially all of our assets and the assets of our subsidiaries.

In addition, we are obligated to offer to repurchase the notes at a price of 100% of their principal amount plus accrued interest to the date of repurchase in the event of certain asset sales.



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| | These restrictions and prohibitions are subject to a number of important qualifications and exceptions. See "Description of the Notes — Certain Covenants." |
| Registration Rights | Upon consummation of this exchange offer, holders of notes will no longer have any rights under the registration rights agreement, except to the extent that we have continuing obligations to file a shelf registration statement and that some of the contingent interest rate provisions may be applicable in certain circumstances. |
| Absence of a Public Market for the Exchange Notes | The exchange notes generally will be freely transferable, but they will also be new securities for which there will be no established market. Although the initial purchasers have informed us of their intention to make a market in the exchange notes, they are not obligated to do so and they may discontinue any market making at any time without notice. Accordingly, we cannot assure you as to the development or liquidity of any market for the exchange notes. |
| Use of Proceeds | We will not receive any cash proceeds from this exchange offer. |

Risk Factors

Investing in the notes involves substantial risks. You should carefully consider the risk factors set forth under the caption "Risk Factors" beginning on page 22 and the other information in this prospectus before participating in this exchange offer.



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SUMMARY HISTORICAL FINANCIAL INFORMATION

The following summary of our historical financial information for the three-year period ended February 1, 2004 was derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004, which is incorporated by reference in this prospectus. The following summary of our historical financial information for the thirteen weeks ended May 4, 2003 and May 2, 2004 was derived from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which is incorporated by reference in this prospectus. The results for the thirteen weeks ended May 4, 2003 and May 2, 2004, which, in our opinion, reflect all known adjustments, consisting only of normal recurring accruals, are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors.

Because the information below is a summary, you should read the following information in conjunction with the other information contained under the captions "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004 and our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which are incorporated by reference in this prospectus.

| | Fiscal Year | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|
| | | | | May 4, | May 2, |
| | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | (in thousands) | | (unaudited) | |
| **Income Statement Data:** | | | | | |
| Total revenues | $ 1,431,892 | $ 1,404,973 | $ 1,582,011 | $ 383,677 | $ 381,283 |
| Cost of goods sold | 925,662 | 873,743 | 924,477 | 222,063 | 207,951 |
| Gross profit | 506,230 | 531,230 | 657,534 | 161,614 | 173,332 |
| Selling, general and administrative expenses | 465,091 | 462,195 | 601,752 | 156,312 | 153,038 |
| Gain on sale of investment | | | 3,496(1) | | |
| Income before interest and taxes | 41,139 | 69,035 | 59,278 | 5,302 | 20,294 |
| Interest expense | 24,753 | 23,892 | 37,476 | 8,657 | 18,181 |
| Interest income | 302 | 1,163 | 1,104 | 93 | 338 |
| Income tax expense (benefit) | 6,008 | 15,869 | 8,200 | (1,109) | 858 |
| Net income (loss) | $ 10,680 | $ 30,437 | $ 14,706 | $ (2,153) | $ 1,593 |
| Preferred stock dividends | | | 20,027 | 4,493 | 5,281 |
| Net loss available to common stockholders | | | $ (5,321) | $ (6,646) | $ (3,688) |
| **Cash Flow and Other Data:** | | | | | |
| Depreciation and amortization | $ 25,734 | $ 25,678 | $ 28,570 | $ 6,776 | $ 7,056 |
| Capital expenditures | 33,406 | 29,451 | 31,970 | 2,894 | 4,137 |
| EBITDA (2) | 66,873 | 94,713 | 87,848 | 12,078 | 27,350 |
| Cash flows provided by (used in) operating activities | 63,653 | 105,228 | 56,223 | (53,747) | 17,049 |
| Cash flows used in investing activities | (39,006) | (29,451) | (433,256) | (415,826) | (9,397) |
| Cash flows provided by (used in) financing activities | $ (1,291) | $ (2,235) | $ 392,900 | $ 372,019 | $ (17,655) |
| **Balance Sheet Data (at end of period):** | | | | | |
| Cash | $ 43,579 | $ 117,121 | $ 132,988 | $ 19,567 | $ 122,985 |
| Working capital | 290,942 | 323,688 | 306,048 | 284,735 | 300,265 |
| Total assets | 708,933 | 771,700 | 1,439,283 | 1,214,103 | 1,421,717 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Senior debt | | 99,481 | | 99,491 | | 249,501 | | 224,493 | | 399,504 |
| Total debt | | 248,935 | | 249,012 | | 399,097 | | 374,033 | | 399,504 |
| Stockholders' equity | $ | 265,727 | $ | 272,227 | $ | 296,157 | $ | 294,084 | $ | 292,047 |

(1)We sold our minority interest in Gant Company AB in the second quarter of fiscal 2003 for $17.2 million, net of related fees, which resulted in a one-time pre-tax gain of $3.5 million.

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(2)EBITDA is a "non-GAAP financial measure" as defined under Item 10(e) of Regulation S-K promulgated under the Exchange Act. EBITDA represents net income (loss) before interest expense, interest income, income taxes, depreciation and amortization. EBITDA is provided because we believe it is an important measure of liquidity. EBITDA is used under our revolving credit facility to determine the applicable interest rate on our outstanding loans. In addition, EBITDA is used in determining whether we can undertake an acquisition under our revolving credit facility, and whether we will be able to incur additional indebtedness under the indenture which will govern the notes. You should not construe EBITDA as an alternative to net income (loss) as an indicator of our operating performance, or as an alternative to cash flows from operating activities as a measure of our liquidity, as determined in accordance with generally accepted accounting principles. We may calculate EBITDA differently than other companies.

Net income (loss) in accordance with generally accepted accounting principles is reconciled to EBITDA as follows:

| | | | | Fiscal Year | | | | Thirteen Weeks Ended | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2001 | | 2002 | | 2003 | | May 4, 2003 | | May 2, 2004 |
| | | | | (in thousands) | | | | | | |
| Net income (loss) | $ | 10,680 | $ | 30,437 | $ | 14,706 | $ | (2,153) | $ | 1,593 |
| Income tax expense (benefit) | | 6,008 | | 15,869 | | 8,200 | | (1,109) | | 858 |
| Interest expense | | 24,753 | | 23,892 | | 37,476 | | 8,657 | | 18,181 |
| Interest income | | 302 | | 1,163 | | 1,104 | | 93 | | 338 |
| Depreciation and amortization | | 25,734 | | 25,678 | | 28,570 | | 6,776 | | 7,056 |
| EBITDA | $ | 66,873 | $ | 94,713 | $ | 87,848 | $ | 12,078 | $ | 27,350 |

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SUMMARY UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following summary pro forma financial information was derived from our unaudited pro forma condensed consolidated financial information included in this prospectus under the caption "Unaudited Pro Forma Condensed Consolidated Financial Information." The unaudited pro forma condensed consolidated financial information is based on our audited consolidated financial statements. The unaudited pro forma condensed consolidated income statement for our fiscal year ended February 1, 2004 gives effect to our acquisition of Calvin Klein and the related financing as if they had occurred on February 3, 2003.

The summary pro forma financial information does not purport to represent what our results of operations or financial position would have been had the Calvin Klein acquisition and the related financing in fact occurred at any date, nor does this information purport to project our results of operations or financial position for any future period or at any future date. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable.

Because the information below is a summary, you should read the following information in conjunction with the other information contained under the captions "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004, which is incorporated by reference in this prospectus.

| | Pro Forma Fiscal Year 2003 (in thousands) |
|---|---|
| **Income Statement Data:** | |
| Total revenues | $ 1,586,575 |
| Cost of goods sold | 925,307 |
| Gross profit | 661,268 |
| Selling, general and administrative expenses | 605,783 |
| Gain on sale of investment (1) | 3,496 |
| Income before interest and taxes | 58,981 |
| Interest expense | 37,723 |
| Interest income | 1,087 |
| Income tax expense | 8,009 |
| Net income | 14,336 |
| Preferred stock dividends (2) | 20,550 |
| Net loss available to common stockholders | $ (6,214) |
| **Other Data:** | |
| Depreciation and amortization | $ 28,573 |
| Capital expenditures | 31,970 |

(1) We sold our minority interest in Gant in the second quarter of fiscal 2003 for $17.2 million, net of related fees, which resulted in a one-time pre-tax gain of $3.5 million.

(2) Reflects a dividend of 8% on the Series B convertible preferred stock. If we elect not to pay a cash dividend for any quarter, then the Series B convertible preferred stock will be treated for



purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. We elected not to pay cash dividends in each of the first three quarters of fiscal 2003.

Subsequent to our acquisition of Calvin Klein, we entered into an agreement with Vestimenta to license the Calvin Klein men's and women's high-end collection apparel businesses, commencing with the

Spring 2004 collection. Under the license agreement with Vestimenta, effective January 1, 2004, we transferred the operations of the businesses to Vestimenta. If the operating results of the men's and women's high-end collection apparel businesses for fiscal 2003 were to reflect the transactions contemplated by our agreement with Vestimenta, then pro forma total revenues would have been reduced by $20.0 million, depreciation and amortization would not have changed materially, pro forma income before interest and taxes would have increased by $20.2 million and pro forma net income would have increased by $13.1 million. As part of our agreement with Vestimenta, we continue to design the collection apparel and, accordingly, design costs, as well as certain marketing costs we agreed to continue, have not been eliminated in calculating these amounts.



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## RISK FACTORS

An investment in our notes involves a high degree of risk. You should carefully consider the following risks, in addition to the other information contained in this prospectus and the documents to which we have referred you, before participating in this exchange offer.

### Risks Related to Our Business and our Industry

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

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

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

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

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

A few of our customers, including Federated, JCPenney, Kohl's, May and Wal-Mart, account for significant portions of our revenues. Sales to our five largest customers were 27.2% of our revenues in fiscal 2003, 30.7% of our revenues in fiscal 2002 and 27.7% of our revenues in fiscal 2001. We do not have long-term agreements with any of our customers and purchases generally occur on an order-by-order basis. A decision by any of our major customers, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease significantly the amount of merchandise purchased from us or our licensing or other business partners, or to change their manner of doing business with us or our licensing or other business partners, could substantially reduce our revenues and have a material adverse effect on our financial condition and results of operations. The retail industry has, in the past, experienced a great deal of consolidation and other ownership changes. Retailers, in the future, may further consolidate, undergo restructurings or reorganizations, or realign their affiliations, any of which could decrease the number of stores that carry our products or increase the ownership concentration within the retail industry. These changes could increase our reliance on a smaller number of large customers.

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

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

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

During fiscal 2003, in excess of 95% of our apparel products and 95% of our raw materials for apparel were produced by and purchased or procured from independent manufacturers located in countries in the Far East, Indian subcontinent, Middle East, Caribbean and Central America. We believe that we are one of the largest procurers of shirting fabric in the world. Additionally, 100% of our footwear products and of the raw materials therefor were produced by and purchased or procured from independent manufacturers located in countries in the Far East, Europe, South America and the Caribbean. Although no single supplier and no one country is critical to our production needs, any of the following could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations:

- political or labor instability in countries where contractors and suppliers are located;
- political or military conflict involving the United States, which could cause a delay in the transportation of our products and raw materials to us and an increase in transportation costs;
- heightened terrorism security concerns, which could subject imported or exported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or

impoundment of goods for extended periods or could result in decreased scrutiny by customs officials for counterfeit goods, leading to lost sales, increased costs for our anti-counterfeiting measures and damage to the reputation of our brands;

- a significant decrease in availability or increase in cost of raw materials, particularly petroleum-based synthetic fabrics, which are currently in high demand;
- disease epidemics and health related concerns, such as the SARS outbreak and the mad cow and hoof and mouth disease outbreaks in recent years, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;
- the migration and development of manufacturers, which can affect where our products are or are planned to be produced;
- imposition of regulations and quotas relating to imports and our ability to adjust timely to changes in trade regulations, which, among other things, could limit our ability to produce products in cost-effective countries that have the labor and expertise needed;
- imposition of duties, taxes and other charges on imports;
- significant fluctuation of the value of the dollar against foreign currencies; and
- restrictions on transfers of funds out of countries where our foreign licensees are located.

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

We require our manufacturers to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance.

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Additionally, we impose upon our business partners, operating guidelines that require additional obligations in those areas in order to promote ethical business practices, and our staff periodically visits and monitors the operations of our independent manufacturers to determine compliance. However, we do not control our independent manufacturers or their labor and other business practices. If one of our manufacturers violates labor or other laws or implements labor or other business practices that are generally regarded as unethical in the United States, the shipment of finished products to us could be interrupted, orders could be cancelled, relationships could be terminated and our reputation could be damaged. Any of these events could have a material adverse effect on our revenues and, consequently, our results of operations.

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

In fiscal 2003, we relied upon independent third parties for the manufacture of more than 95% of our apparel products and 100% of our footwear products. We do not have long-term contracts with any of our suppliers. A manufacturer's failure to ship products to us in a timely manner or to meet required quality standards could cause us to miss the delivery date requirements of our customers for those products. As a result, customers may cancel their orders, refuse to accept deliveries or demand reduced prices. Any of these actions taken by our customers may have a material adverse effect on our revenues and, consequently, our results of operations.

As a result of our acquisition of Calvin Klein, we have increased our dependence on revenues from royalty and other revenues.

In fiscal 2003, $143.1 million, or 9.0%, of our revenues were derived from licensing royalties and other revenues, principally in our Calvin Klein Licensing segment. A few of our Calvin Klein Licensing segment's business partners, including Warnaco, Unilever and Marchon Eyewear, account for significant portions of its revenues. Royalty and other revenues from our Calvin Klein Licensing segment's three largest business partners accounted for approximately 54% of its royalty and other revenues in fiscal 2003. The operating profit associated with our Calvin Klein Licensing segment's royalty and other revenues is significant because the operating expenses directly associated with administering and monitoring an individual licensing or similar agreement are minimal. Therefore, the loss of a significant business partner, whether due to the termination or expiration of the relationship, the cessation of the business partner's operations or otherwise (including as a result of financial difficulties), without an equivalent replacement, could materially affect our profitability. For example, Warnaco accounted for approximately 26% of our Calvin Klein Licensing segment's royalty and other revenues, in fiscal 2003. Although Warnaco has emerged from bankruptcy proceedings, no assurance can be given as to its future financial stability. While we generally have significant control over our business partners' products and advertising, we rely on our business partners for, among other things, operational and financial controls over their businesses. Our business partners' failure to successfully market licensed products or our inability to replace our existing business partners could adversely affect our revenues both directly from reduced royalty and other revenues and indirectly from reduced sales of our other products. Risks are also associated with a business partner's ability to:

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

In addition, we rely on our business partners to preserve the value of our brands. Although we make every attempt to protect our brands through, among other things, approval rights over design, production quality, packaging, merchandising, distribution, advertising and promotion of our products, we cannot assure you that we can control the use by our business partners of each of our licensed brands. The misuse of our brands by a business partner could have a material adverse effect on our



business, financial condition and results of operations. For example, Calvin Klein in the past has been involved in legal proceedings with Warnaco with respect to certain quality and distribution issues. As a result of our acquisition of Calvin Klein, Warnaco is entitled to control design and advertising related to the sale of underwear, intimate apparel and sleepwear products bearing the Calvin Klein brands. We cannot assure you that Warnaco will maintain the same standards of design and advertising previously maintained by Calvin Klein, although we believe they are generally obligated to do so.

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

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

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

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

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

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

Our success depends on our brands and their value. The Calvin Klein name is integral to our existing Calvin Klein businesses, as well as to the implementation of our strategies for growing and



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expanding our Calvin Klein businesses. Although Mr. Klein will continue as a consultant until February 2006, he is no longer a member of management. Our Calvin Klein business could be adversely affected if there is a perception by consumers that, as a result of the sale of the business, Mr. Klein's role has changed in a manner that is disadvantageous to the Calvin Klein business. The Calvin Klein brands could be adversely affected if Mr. Klein's public image or reputation were to be tarnished. We may seek in the future stockholder approval to change the name of our company to "Calvin Klein Inc." or a similar name. Any such name change could increase our risks related to the public perception of the Calvin Klein name. In addition, we market some of our products under the names and brands of other recognized designers: Geoffrey Beene, Kenneth Cole, Max Azria, Michael Kors and Sean John "P. Diddy" Combs. Our sales of those products could be materially and adversely affected if any of those designer's images or reputations were to be negatively impacted.

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

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

We face intense competition in the fashion and apparel industry.

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

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

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

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

We depend on the services and management experience of Bruce J. Klatsky, Mark Weber and other of our executive officers who have substantial experience and expertise in our business. We also



depend on key employees involved in our licensing, design and advertising operations. Competition for qualified personnel in the fashion and apparel industry is intense, and competitors may use aggressive tactics to recruit our key employees. The unexpected loss of services of one or more of these individuals could materially adversely affect us.

Significant influence by certain stockholders.

In connection with our acquisition of Calvin Klein, the Apax affiliates purchased our Series B convertible preferred stock, which, as of May 31, 2004, was convertible by them into 38.1% of our outstanding common stock. If we elect not to pay a cash dividend for any quarter, then the Series B convertible preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. As a result, it is possible that if we do not pay a cash dividend in any quarter through the second quarter of fiscal 2010 (assuming no further issuances of common stock, including as a result of the exercise of stock options), a change in control will result under our existing various indentures and certain other agreements. See "— We may not be able to repurchase the notes upon a change of control" below.

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

As a result of the rights related to their ownership of our Series B convertible preferred stock, the Apax affiliates have substantial influence over our company, including by virtue of their right to elect separately as a class three directors and to have one of their directors serve on the audit, compensation, nominating and executive committees of our board subject to applicable law, rule and regulation. In addition, circumstances may occur in which the interests of the Apax affiliates, as preferred equity investors, are in conflict with your interests as holders of the notes.

Risks Related to the Exchange Offer

If you do not exchange your outstanding notes, they will continue to be subject to restrictions on transfer.

If you do not exchange your outstanding notes for exchange notes in this exchange offer, you will continue to be subject to the restrictions on transfer of your outstanding notes described in the legend on the certificates for your outstanding notes. The restrictions on transfer of your outstanding notes arise because we issued the outstanding notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the outstanding notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the outstanding notes under the Securities Act.

Your outstanding notes will not be accepted for exchange if you fail to follow the exchange offer procedures.

We will not accept your outstanding notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after a timely receipt of your outstanding notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your outstanding notes, please allow sufficient time to ensure timely delivery. If we do not receive your outstanding notes, letter of transmittal and other required documents by the expiration date of this exchange offer or you do not otherwise comply with the guaranteed delivery procedures for tendering your notes, we may not accept your outstanding notes for exchange. Neither we nor the exchange agent is under a duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange. If there are defects or irregularities with respect to your tender of outstanding notes, we will not accept your outstanding notes for exchange unless we decide in our sole discretion to waive those defects or irregularities.

Some holders who exchange their outstanding notes may be deemed to be underwriters and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your outstanding notes in this exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Because there is no public market for the exchange notes, you may not be able to resell them.

The exchange notes will be registered under the Securities Act, but will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- the liquidity of any trading market that may develop;
- the ability of holders to sell their exchange notes; or
- the price at which the holders will be able to sell their exchange notes.

We do not intend to apply for listing of the exchange notes on any securities exchange or for quotation through an automated quotation system. If a trading market were to develop, the exchange notes might trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar debentures, our financial performance and the interest of securities dealers in making a market in the exchange notes.

We understand that the initial purchasers presently intend to make a market in the exchange notes. However, they are not obligated to do so, and any market-making activity with respect to the exchange notes may be discontinued at any time without notice. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act, and may be limited during this exchange offer or the pendency of an applicable shelf registration statement. There can be no assurance that an active market will exist for the exchange notes or that any trading market that does develop will be liquid.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the exchange notes will be subject to disruptions. Any such disruptions may have a negative effect on you, as a holder of the exchange notes, regardless of our prospects and financial performance.

Risks Related to the Notes

Our substantial level of debt could impair our financial condition.

We currently have a substantial amount of debt. As of May 2, 2004, we had $399.5 million of outstanding debt (excluding $147.8 million of outstanding letters of credit and guarantees), including $99.5 million of secured debt (excluding $147.0 million of outstanding letters of credit), representing 41.8% of our total capitalization. Our significant level of debt could have important consequences to you, including:

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

Servicing our debt, including the notes, will require a significant amount of cash and we may be unable to generate sufficient cash flow due to many factors, some of which are beyond our control.

Our ability to make payments with respect to our obligations under the notes and our other outstanding debt depends on our future operating performance. Our performance will be affected by our ability to operate and expand profitably our Calvin Klein business and by prevailing economic conditions and financial, competitive, business and other factors, many of which are beyond our control.

As a result of the financing of our acquisition of Calvin Klein, including through the sale of our 8 1/8% senior notes due 2013, our interest expense increased. Our business may not generate sufficient cash flow from operations, we may not realize our currently anticipated revenues, cost savings and operating performance and we may not have sufficient future borrowings available to us to pay our debt. If we are unable to meet our debt service obligations or fund our other liquidity needs, including our obligation to pay Mr. Klein contingent purchase price payments, we could be forced to reduce or delay capital expenditures, forego other business opportunities, sell material assets or operations, restructure or refinance our debt, obtain additional capital or renegotiate, replace or terminate arrangements. Some of these transactions could occur at times and on terms that are less advantageous or disadvantageous to us or may not be available to us at all, which could cause us to default on our obligations and impair our liquidity. Because a significant portion of our assets is pledged as security to the lenders under our revolving credit facility, we may not be able to restructure or refinance our debt on satisfactory terms, if at all. In addition, if we fail to pay Mr. Klein a contingent purchase price payment when due and such failure to pay continues for 60 days or more after a final judgment by a court is rendered relating to our failure to pay, Mr. Klein will no longer be restricted from competing with us as he otherwise would be under the non-competition provisions contained in the purchase agreement relating to our acquisition of Calvin Klein, although he would still not be able to use any of the Calvin Klein brands or any similar trademark in any competing business.

Despite our current debt levels, we will be able to incur substantially more debt, which could increase the risks described above.

We have the right to incur substantial debt in the future. As of May 2, 2004, we had $178.0 million available for borrowing under our revolving credit facility. In addition, although the indentures governing our 8 1/8% senior notes due 2013, our 7¾% debentures due 2023 and the notes each contain



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restrictions on the incurrence of additional debt, these restrictions are subject to a number of qualifications and exceptions, and additional debt incurred in compliance with these restrictions could be substantial. If new debt is added to our current debt levels, the related risks that we now face would intensify.

Covenant restrictions under our revolving credit facility and our indentures impose significant operating and financial restrictions on us and may limit our ability to operate our business and to make payments on the notes.

Our revolving credit facility, the indenture governing the notes and the agreements and instruments governing our other outstanding debt contain covenants that restrict our ability to finance future operations or capital needs, to take advantage of other business opportunities that may be in our interest or to satisfy our obligations under the notes. These covenants restrict our ability to, among other things:

- incur or guarantee additional debt or extend credit;
- pay dividends or make distributions on, or redeem or repurchase, our capital stock or subordinated debt;
- make other restricted payments, including investments;
- dispose of assets;
- engage in transactions with affiliates;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- create liens on our assets or engage in sale/leaseback transactions; and
- effect a consolidation or merger, or sell, transfer, lease or otherwise dispose of all or substantially all of our assets.

In addition, our revolving credit facility requires us to maintain certain levels of excess borrowing base availability and in certain cases comply with a specified financial ratio, which may require that we take action to reduce our debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet these requirements. A breach of any of these covenants, or our inability to comply with the financial ratio, would result in a default under our revolving credit facility. If an event of default under our revolving credit facility occurs, the lenders could elect to declare all amounts outstanding under the revolving credit facility, together with accrued interest, to be immediately due and payable which would result in acceleration of our other debt, including the notes. If we were unable to repay any such borrowings when due, the revolving credit facility lenders could proceed against their collateral, which also secures some of our other indebtedness. Under that circumstance, we may not have sufficient funds to pay the notes.

Also, under the indenture governing our 7¾% debentures due 2023, if we pay any dividend on or acquire our capital stock which would cause us to be unable to meet a specified financial test, then the holders of the debentures would have a right to have their notes redeemed. If this were to occur, we may not have sufficient funds to satisfy this obligation. See "Description of Certain Other Indebtedness and Preferred Stock — 7¾% Debentures."

The notes are effectively subordinated to our secured obligations and all obligations of our subsidiaries.

The notes are our general, unsecured obligations. Therefore, the notes are effectively subordinated to all of our secured debt, to the extent of the value of the collateral, and all debt and other obligations, including trade payables, of our subsidiaries. As of May 2, 2004, we had $99.5 million of secured debt (excluding $147.0 million of outstanding letters of credit). All obligations under our revolving credit facility are secured by liens on substantially all of our assets and our domestic subsidiaries' assets, including the working capital assets of our domestic Calvin Klein



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subsidiaries, and a pledge of all of the equity interests in our Calvin Klein subsidiaries. In addition, our 7¾% debentures due 2023 are secured by liens on all collateral securing our revolving credit facility, ratably with our revolving credit facility lenders. Our obligation to make contingent purchase price payments to Mr. Calvin Klein is secured by a subordinated pledge of all of the equity interests in our Calvin Klein subsidiaries and a subordinated lien on substantially all of our domestic Calvin Klein subsidiaries' assets.

As of May 2, 2004, our subsidiaries had $179.8 million of total outstanding liabilities, including subsidiary guarantees totalling $147.0 million for outstanding letters of credit under our revolving credit facility. In addition, our Calvin Klein subsidiaries have guaranteed our obligation to make contingent purchase price payments to Mr. Klein.

The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving us or a subsidiary, the assets of the affected entity could not be used to pay you until after:

- all secured claims against the affected entity have been fully paid; and
- if the affected entity is a subsidiary, all other claims against that subsidiary, including trade payables, have been fully paid.

Holders of the notes will participate ratably in our remaining assets with all holders of our other unsecured debt that is deemed to be of the same class as the notes or which is not expressly subordinated to the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. If any of the foregoing events were to occur, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured debt.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of a change of control, we will be required to make an offer to you in cash to repurchase all or any part of your notes at 101% of their principal amount, plus accrued and unpaid interest. The occurrence of a change of control under the indenture governing our 8 1/8% due 2013 also would trigger the same repurchase requirement as the notes. If a change of control occurs, we may not have sufficient funds at that time to pay the purchase price for all tendered notes. In addition, our ability to effect a redemption of the notes upon a change in control may be impaired by the effect of various provisions in agreements governing our existing debt obligations. The occurrence of a change in control will result in an event of default under our revolving credit facility and permit the lenders to accelerate the maturity of all of the obligations under the revolving credit facility and to pursue their rights and remedies including foreclosure of their liens upon our and our subsidiaries' assets. A change in control would further result in an event of default under the agreements governing the collateral for our contingent payment obligations to Mr. Klein and would permit Mr. Klein to foreclose his lien on the equity interests in our Calvin Klein subsidiaries and on substantially all of the assets of our domestic Calvin Klein subsidiaries. Furthermore, under the indenture governing our 7¾% debentures due 2023, a default under the revolving credit facility as a result of a change in control would constitute an event of default under that indenture entitling the holders to accelerate the maturity of the debentures and exercise their rights and remedies.

In the event that a change of control occurs at a time when we are prohibited from repurchasing the notes, we could seek the consent of the revolving credit facility lenders and the other holders of our debt to repurchase the notes or could attempt to refinance those borrowings. If we do not obtain their consent or refinance the borrowings, we will remain prohibited from repurchasing the notes, which would constitute an event of default under the indenture governing the notes. In addition, we may not have the financial resources necessary to repurchase the notes upon a change in control, particularly if that change of control event triggers a similar repurchase requirement for, or results in the acceleration of, any of our other debt. Any debt agreements we enter into in the future may contain similar provisions. Certain transactions that constitute a change of control under our existing and future debt instruments may not constitute a change of control under the indenture governing the notes.



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Your right to require us to redeem the notes is limited.

The holders of the notes have limited rights to require us to purchase or redeem the notes in the event of a takeover, recapitalization or similar restructuring, including an issuer recapitalization or similar transaction with management. The change of control provisions of the indenture governing the notes may not afford protection to the holders of the notes if such transactions were to occur, including a transaction initiated by us or certain "permitted holders" described in the indenture, if the transaction does not result in a change of control or otherwise result in an event of default under the indenture. See "Description of the Notes — Change of Control."



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## USE OF PROCEEDS

We will receive no proceeds from the exchange of outstanding notes pursuant to this exchange offer. In consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of the outstanding notes, the terms of which are substantially identical in all material respects to the exchange notes. The outstanding notes surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

Our net proceeds from the sale of the outstanding notes (after deducting discounts payable to the initial purchasers and our offering expenses) were approximately $145.0 million.

## CAPITALIZATION

The following table sets forth our capitalization and cash and cash equivalents at May 2, 2004. This table should be read in conjunction with the other information contained under the captions "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004 and our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which are incorporated by reference in this prospectus.

| | May 2, 2004 (in thousands) |
|---|---|
| Cash and cash equivalents | $ 122,985 |
| | |
| Long-term debt | |
| 7¾% debentures due 2023 | $ 99,504 |
| 8 1/8% senior notes due 2013 | 150,000 |
| 7¼% outstanding notes due 2011 | 150,000 |
| Total senior debt | 399,504 |
| Total long-term debt | 399,504 |
| | |
| Series B convertible preferred stock | 264,746 |
| Total stockholders' equity | 292,047 |
| Total capitalization | $ 956,297 |

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SELECTED HISTORICAL FINANCIAL INFORMATION

The selected historical financial information presented below as of and for each of our fiscal years ended January 30, 2000, February 4, 2001, February 3, 2002, February 2, 2003 and February 1, 2004 is derived from our audited consolidated financial statements. The selected historical financial information presented below as of and for each of the thirteen weeks ended May 4, 2003 and May 2, 2004 is derived from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which is incorporated by reference in this prospectus. The results for the thirteen weeks ended May 4, 2003 and May 2, 2004, which, in our opinion, reflect all known adjustments, consisting only of normal recurring accruals, are not necessarily indicative of those for a full fiscal year due, in part, to seasonal factors. Our selected historical financial information should be read in conjunction with the other information contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the accompanying notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004 and our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which are incorporated by reference in this prospectus, and other financial and statistical information included elsewhere in this prospectus.

| | Fiscal Year | | | | | Thirteen Weeks Ended |
|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | May 4, 2003 | May 2, 2004 |
| | | | (in thousands, except per share data) | | | (unaudited) | |
| **Income Statement Data:** | | | | | | | |
| Net sales | $1,267,790 | $1,447,934 | $1,421,046 | $1,393,207 | $1,438,891 | $ 347,581 | $ 339,623 |
| Royalty and other revenues | 3,700 | 7,614 | 10,846 | 11,766 | 143,120 | 36,096 | 41,660 |
| Total revenues | 1,271,490 | 1,455,548 | 1,431,892 | 1,404,973 | 1,582,011 | 383,677 | 381,283 |
| Cost of goods sold | 820,464 | 950,176 | 925,662 | 873,743 | 924,477 | 222,063 | 207,951 |
| Gross profit | 451,026 | 505,372 | 506,230 | 531,230 | 657,534 | 161,614 | 173,332 |
| Selling, general and administrative expenses | 402,716 | 434,835 | 465,091 | 462,195 | 601,752 | 156,312 | 153,038 |
| Gain on sale of investment (1) | | | | | 3,496 | | |
| Income before interest and taxes | 48,310 | 70,537 | 41,139 | 69,035 | 59,278 | 5,302 | 20,294 |
| Interest expense | 24,209 | 24,852 | 24,753 | 23,892 | 37,476 | 8,657 | 18,181 |
| Interest income | 1,779 | 2,530 | 302 | 1,163 | 1,104 | 93 | 338 |
| Income (loss) before income taxes | 25,880 | 48,215 | 16,688 | 46,306 | 22,906 | (3,262) | 2,451 |
| Income tax expense (benefit) | 9,007 | 18,115 | 6,008 | 15,869 | 8,200 | (1,109) | 858 |
| Net income (loss) | $ 16,873 | $ 30,100 | $ 10,680 | $ 30,437 | $ 14,706 | $ (2,153) | $ 1,593 |
| Preferred stock dividends (2) | | | | | 20,027 | 4,493 | 5,281 |
| Net loss available to common stockholders | | | | | $ (5,321) | $ (6,646) | $ (3,688) |
| Net income (loss) per common share-basic | $ 0.62 | $ 1.10 | $ 0.39 | $ 1.10 | $ (0.18) | $ (0.22) | $ (0.12) |
| Net income (loss) per common share-diluted | $ 0.62 | $ 1.10 | $ 0.38 | $ 1.08 | $ (0.18) | $ (0.22) | $ (0.12) |
| **Income Statement Data, as Adjusted (3):** | | | | | | | |
| Net income (loss) | $ 16,873 | $ 30,100 | $ 10,680 | $ 30,437 | $ 14,706 | $ (2,153) | $ 1,593 |
| Goodwill amortization, net of tax benefit | 1,746 | 1,877 | 2,849 | | | | |
| Net income (loss) as adjusted | $ 18,619 | $ 31,977 | $ 13,529 | $ 30,437 | $ 14,706 | $ (2,153) | $ 1,593 |
| Net income (loss) per common share-basic | $ 0.68 | $ 1.17 | $ 0.49 | $ 1.10 | $ (0.18) | $ (0.22) | $ (0.12) |
| Net income (loss) per common share-diluted | $ 0.68 | $ 1.17 | $ 0.48 | $ 1.08 | $ (0.18) | $ (0.22) | $ (0.12) |

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| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Fiscal Year | | | Thirteen Weeks Ended | |
| | | | | | | May 4, | May 2, |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | (in thousands, except per share data) | | | (unaudited) | |
| **Cash Flow and Other Data:** | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EBITDA (4) | $ 67,727 | $ 90,588 | $ 66,873 | $ 94,713 | $ 87,848 | $ 12,078 | $ 27,350 |
| Cash flows provided by (used in) operating activities | 73,980 | 35,389 | 63,653 | 105,228 | 56,223 | (53,747) | 17,049 |
| Cash flows provided by (used in) investing activities | 33,960 | (106,763) | (39,006) | (29,451) | (433,256) | (415,826) | (9,397) |
| Cash flows provided by (used in) financing activities | (24,076) | (3,244) | (1,291) | (2,235) | 392,900 | 372,019 | (17,655) |
| Capital expenditures | 31,291 | 31,898 | 33,406 | 29,451 | 31,970 | 2,894 | 4,137 |
| Cash dividends declared per common share | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| Ratio of earnings to fixed charges (5) | 1.5x | 2.0x | 1.3x | 1.9x | 1.3x | 0.8x | 1.1x |
| **Balance Sheet Data (at end of period):** | | | | | | | |
| Working capital | $ 301,390 | $ 298,286 | $ 290,942 | $ 323,688 | $ 306,048 | $ 284,735 | $ 300,265 |
| Total assets | 673,748 | 724,364 | 708,933 | 771,700 | 1,439,283 | 1,214,103 | 1,421,717 |
| Total debt | 248,784 | 248,851 | 248,935 | 249,012 | 399,097 | 374,033 | 399,504 |
| Stockholders' equity | $ 241,685 | $ 268,561 | $ 265,727 | $ 272,227 | $ 296,157 | $ 294,084 | $ 292,047 |

(1)We sold our minority interest in Gant in the second quarter of fiscal 2003 for $17.2 million, net of related fees, which resulted in a one-time pre-tax gain of $3.5 million.

(2)Reflects a dividend of 8% on the Series B convertible preferred stock. If we elect not to pay a cash dividend for any quarter, then the Series B convertible preferred stock will be treated for the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. We elected not to pay cash dividends in each of the first three quarters of 2003.

(3)As a result of our adoption of FASB Statement #142, "Goodwill and Other Intangible Assets" in fiscal 2002, we no longer amortize goodwill. The income statement data above reflects an adjustment to exclude goodwill amortization expense, net of tax benefit, recorded in the prior fiscal years.

(4)EBITDA is a "non-GAAP financial measure" as defined under Item 10(e) of Regulation S-K promulgated under the Exchange Act. EBITDA represents net income (loss) before interest expense, interest income, income taxes, depreciation and amortization. EBITDA is provided because we believe it is an important measure of liquidity. EBITDA is used under our revolving credit facility to determine the applicable interest rate on our outstanding loans. In addition, EBITDA is used in determining whether we can undertake an acquisition under our revolving credit facility, and whether we can incur additional indebtedness under the indenture governing the notes. You should not construe EBITDA as an alternative to net income (loss) as an indicator of our operating performance, or as an alternative to cash flows from operating activities as a measure of our liquidity, as determined in accordance with generally accepted accounting principles. We may calculate EBITDA differently than other companies.

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Net income (loss) in accordance with generally accepted accounting principles is reconciled to EBITDA as follows:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | Thirteen Weeks Ended | |
| | | | Fiscal Year | | | | |
| | | | | | | May 4, | May 2, |
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2003 | 2004 |
| | | | (in thousands) | | | (unaudited) | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net income (loss) | $ 16,873 | $ 30,100 | $ 10,680 | $ 30,437 | $ 14,706 | $ (2,153) | $ 1,593 |
| Income tax expense (benefit) | 9,007 | 18,115 | 6,008 | 15,869 | 8,200 | (1,109) | 858 |
| Interest expense | 24,209 | 24,852 | 24,753 | 23,892 | 37,476 | 8,657 | 18,181 |
| Interest income | 1,779 | 2,530 | 302 | 1,163 | 1,104 | 93 | 338 |
| Depreciation and amortization | 19,417 | 20,051 | 25,734 | 25,678 | 28,570 | 6,776 | 7,056 |
| EBITDA | $ 67,727 | $ 90,588 | $ 66,873 | $ 94,713 | $ 87,848 | $ 12,078 | $ 27,350 |

(5) The ratio of earnings to fixed charges is computed by dividing fixed charges into earnings (loss) before income taxes plus fixed charges. Fixed charges consist of interest expense and the estimated interest component of rent expense. Due to the seasonality of our business, the ratio of earnings to fixed charges for the thirteen weeks ended May 4, 2003 and May 2, 2004 is not indicative of the results for a full fiscal year. The amount of deficiency in the ratio of earnings to fixed charges was $3.3 million for the thirteen weeks ended May 4, 2003.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information is based on our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004 which is incorporated by reference in this prospectus. The unaudited pro forma condensed consolidated income statement for the year ended February 1, 2004 gives effect to our acquisition of Calvin Klein and the related financing as if they had occurred on February 3, 2003.

The unaudited pro forma condensed consolidated income statement for the fiscal year ended February 1, 2004 includes historical information for us for the fiscal year ended February 1, 2004 as adjusted for the period February 3, 2003 to February 11, 2003 (the period prior to our acquisition of Calvin Klein).

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only and does not purport to represent what our results of operations or financial position would actually have been had our acquisition of Calvin Klein and the related financing in fact occurred on the date specified, nor do they purport to project our results of operations or financial position for any future period or at any future date. The pro forma adjustments are based on available information and certain assumptions that we believe are reasonable.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the other information contained under the captions "Selected Historical Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004, which is incorporated by reference in this prospectus.

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Unaudited Pro Forma Condensed Consolidated Income Statement
Fiscal Year Ended February 1, 2004
(in thousands, except per share data)

| | PVH (Actual) | Acquisition Adjustments | Pro Forma |
|---|---|---|---|
| Net sales | $ 1,438,891 | $ 1,016(2) | $ 1,439,907 |
| Royalty and other revenues | 143,120 | 3,548(2) | 146,668 |
| Total revenues (1) | 1,582,011 | 4,564(2) | 1,586,575 |
| Cost of goods sold | 924,477 | 830(2) | 925,307 |
| Gross profit | 657,534 | 3,734(2) | 661,268 |
| Selling, general and administrative expenses | 601,752 | 4,031(2) | 605,783 |
| Gain on sale of investment | 3,496 | | 3,496 |
| Income (loss) before interest and taxes (1) | 59,278 | (297)(2) | 58,981 |
| Interest expense | 37,476 | 247(3) | 37,723 |
| Interest income | 1,104 | (17)(3) | 1,087 |
| Income (loss) before taxes | 22,906 | (561) | 22,345 |
| Income tax expense (benefit) | 8,200 | (191)(4) | 8,009 |
| Net income (loss) (1) | 14,706 | (370) | 14,336 |
| Preferred stock dividends | 20,027 | 523(2) | 20,550 |
| Net loss available to common stockholders | $ (5,321) | $ (893) | $ (6,214) |
| Basic and diluted net loss per common share (1) | $ (0.18) | | $ (0.20) |

See Notes to Unaudited Pro Forma Condensed Consolidated Income Statements

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Notes to Unaudited Pro Forma Condensed Consolidated Income Statements

(1) Subsequent to our acquisition of Calvin Klein, we entered into an agreement with Vestimenta to license the Calvin Klein men's and women's high-end collection apparel businesses commencing with the Spring 2004 collection. Under the license agreement with Vestimenta, effective January 1, 2004, we transferred the operations of the businesses to Vestimenta.
If the operating results of the men's and women's high-end collection apparel business for the fiscal year ended February 1, 2004 were to reflect the transactions contemplated by our agreement with Vestimenta, then pro forma total revenues would have been reduced by $20.0 million, depreciation and amortization would not have changed materially, pro forma income before interest and taxes would have increased by $20.2 million and pro forma net income would have increased by $13.1 million. As part of the agreement with Vestimenta, we continue to design the collection apparel and, accordingly, design costs, as well as certain marketing costs we agreed to continue, have not been eliminated in calculating these amounts.

(2) Pro forma acquisition adjustments represent the results of our Calvin Klein Licensing segment and preferred stock dividends as adjusted for the period from February 3, 2003 to February 11, 2003, as the acquisition of Calvin Klein was completed on February 12, 2003.

(3)

Pro forma acquisition adjustments to interest expense and interest income represent additional interest expense on the term loan incurred to finance the acquisition, as well as the reduction in interest income on the cash used to finance the acquisition for the period from February 3, 2003 to February 11, 2003, as the acquisition of Calvin Klein was completed on February 12, 2003.

(4) Pro forma taxes are estimated at a rate of 35%.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Overview

The following discussion and analysis is intended to help you understand us, our operations and financial performance. It should be read in conjunction with our consolidated financial statements and the accompanying notes.

Business Description

We are one of the largest apparel companies in the world. Our portfolio of brands includes Van Heusen, Calvin Klein, IZOD, G.H. Bass & Co. and Bass, which are owned, and Arrow, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, BCBG Max Azria and BCBG Attitude (both introduced for Father's Day 2004) and, beginning later in 2004, MICHAEL Michael Kors, Sean John, Sean John Collection and Chaps, which are licensed. We acquired Calvin Klein, a lifestyle design and marketing company in February 2003. The addition of Calvin Klein, one of the world's most highly recognized designer brands, provides us with an additional platform for growth in revenues and profitability, and a significant royalty stream.

We believe that our strategy of managing and marketing a portfolio of nationally recognized brands across multiple product categories through multiple channels of distribution provides a stable and broad-based platform that helps diversify our risk profile. In addition, we leverage our sourcing, warehousing, distribution, information technology, finance and accounting expertise across all of our brands, which allows us to respond rapidly to changes in sales trends and customer demands.

Early in 2003, we completed the acquisition of Calvin Klein and, at that time, outlined a series of initiatives focused on integration, achieving targeted cost savings and beginning to take advantage of the global growth opportunities available to the brand. The financial results for 2003 include specific integration activities which are comprised of (i) the sales, cost of sales and operating expenses directly attributable to the Calvin Klein men's and women's high-end collection apparel businesses which were transferred to Vestimenta S.p.A. under a license agreement which went into full effect on January 1, 2004 and (ii) the costs of certain duplicative personnel and facilities during the integration of various Calvin Klein logistical and back office functions.

Our results in the fourth quarter of 2003 were, and throughout 2004, will be, impacted by certain initiatives we took to focus our strategic efforts to supporting and growing our dress shirt, sportswear and Calvin Klein businesses. In the fourth quarter of 2003, we announced we would exit the wholesale footwear business by licensing the Bass brand for wholesale distribution of footwear to Brown Shoe and announced the closing of underperforming retail outlet stores across our Van Heusen, IZOD, Bass and Geoffrey Beene retail outlet chains. We estimate that the pre-tax costs to be incurred in connection with these actions will approximate $40.0 million. (Please see the note entitled "Asset Impairments, Activity Exit Costs and Other Charges" in the Notes to Condensed Consolidated Financial Statements included in our Quarterly Report on Form 10-Q for the quarter ended May 2, 2004, which is incorporated by reference in this prospectus.) Overall, including the liquidation of working capital associated with exiting the wholesale footwear business and the outlet store closing program, these actions are expected to provide positive net cash flow.

We generate net sales from (i) the wholesale distribution of apparel, principally under the brand names Van Heusen, Calvin Klein, IZOD, Arrow, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction and, since early 2004, BCBG Max Azria and BCBG Attitude, as well as various private labels and, through the end of 2003, footwear under the Bass brand, and (ii) the sale, through approximately 700 company operated retail stores, of apparel, footwear and accessories under the brand names Van Heusen, IZOD, Geoffrey Beene, Bass and, beginning at the end of the third quarter of 2003, Calvin Klein. Our stores operate in an outlet format, except for three Calvin Klein image stores located in New York City, Dallas and Paris selling men's and women's high-end collection apparel and accessories, soft home furnishings and tableware.



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We generate royalty and other revenues from fees for licensing the use of our trademarks. Prior to 2003, royalty and other revenues related principally to licensing the IZOD and Van Heusen trademarks. In 2003, royalty and other revenues increased significantly due to the acquisition of Calvin Klein. Our Calvin Klein Licensing segment's royalty and other revenues are derived under licenses and other arrangements primarily for jeans, underwear, fragrances, eyewear, watches, table top and soft home furnishings. In 2003, net sales were 91.0% and royalty and other revenues were 9.0% of our total revenues.

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

Selling, general and administrative expenses include all operating expenses other than expenses included in cost of goods sold. Salaries and related fringe benefits are the largest component of selling, general and administrative expenses, comprising 49.8% of such expenses in 2003. Rent and occupancy for offices, warehouses and retail stores is the next largest expense, comprising 20.7% of selling, general and administrative expenses in 2003.

## Results of Operations

### Thirteen Weeks Ended May 2, 2004 Compared With Thirteen Weeks Ended May 4, 2003

#### Net Sales

Net sales in the first quarter of 2004 decreased $8.0 million to $339.6 million from $347.6 million in the prior year. Of this $8.0 million decrease, $6.3 million was attributable to the Calvin Klein Licensing segment, resulting principally from the loss of sales of $6.0 million related to the Calvin Klein men's and women's high-end collection apparel businesses which we transferred to Vestimenta. The remaining $1.7 million decrease was attributable to the Apparel and Related Products segment. This decrease was due principally to the loss of sales of $20.5 million associated with our exit of the wholesale footwear business in connection with the license to Brown Shoe. This decrease was mostly offset by an increase in our wholesale apparel business, in particular our dress shirt business, and increases in our retail outlet businesses as some store sale increases offset the effect of closing underperforming stores.

Net sales for the full year 2004 are expected to include the effect of exiting and starting various businesses, including, without limitation, the following: (i) the loss of the net sales attributable to the wholesale distribution of footwear, which in 2003 was $61.3 million; (ii) the loss of the net sales attributable to closing underperforming stores; (iii) the loss of the net sales from the wholesale distribution of the Calvin Klein men's and women's high-end collection apparel businesses which were transferred under the license with Vestimenta, the net sales of which were $21.8 million in 2003; and (iv) the addition of net sales attributable to our planned launch of a Calvin Klein men's better sportswear line to be marketed to upscale specialty and department stores beginning with the Fall 2004 season and additional Calvin Klein retail outlet store openings in premium outlet malls. We currently intend to open as many as 75 Calvin Klein outlet stores over the nest four to five years.

Royalty and Other Revenues

Royalty and other revenues in the first quarter of 2004 increased $5.6 million to $41.7 million from $36.1 million in the prior year. This increase was due principally to overall growth in the Calvin Klein Licensing segment as well as an additional nine days of revenues in the current year's first quarter in that segment, as we acquired Calvin Klein nine days after the beginning of the first quarter of 2003.

The net effect of the net sales items and royalty and other revenues discussed above, as well as anticipated changes in our ongoing businesses, is currently expected to result in an increase in 2004 full year total revenues of 1.75%-2.75%.



Gross Profit on Total Revenues

Gross profit on total revenues in the first quarter of 2004 was $173.3 million, or 45.5% of total revenues, compared with $161.6 million, or 42.1% of total revenues in the prior year. This increase was due principally to the following factors: (i) the increase in royalty and other revenues as a percentage of total revenues, since royalty and other revenues do not carry a cost of sales, the gross profit percentage on such revenues is 100.0%; (i) the elimination of the negative impact in 2003 of the Calvin Klein men's and women's high-end collection apparel businesses, which were licensed at the end of 2003; (iii) increases in our retail outlet businesses as lower inventory levels and the closing of underperforming outlet stores led to less promotional selling; and (iv) increases in our wholesale apparel businesses due principally to less promotional selling.

We currently anticipate that the gross profit percentage increase experienced in the first quarter of 2004 will not be as pronounced during the remainder of the year. We are currently estimating the full year gross profit percentage to increase 120 to 140 basis points over 2003.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the first quarter of 2004 decreased $3.3 million to $153.0 million, or 40.1% of total revenues, from $156.3 million, or 40.7% of total revenues, in the prior year. This decrease was attributable to the following factors: (i) a $15.3 million decrease due to the elimination of expenses associated with Calvin Klein integration costs, (ii) a $4.2 million increase related to the opening of Calvin Klein retail outlet stores, (iii) a $4.3 million increase in the Calvin Klein Licensing segment due principally to an increase in advertising spending and (iv) a $3.5 million increase in other expenses, including corporate expenses, due principally to supporting the growth in our wholesale apparel businesses.

We currently anticipate the 2004 full year selling, general and administrative expense percentage to be relatively flat with the prior year.

Interest Expense, Net

Net interest expense in the first quarter of 2004 was $17.8 million compared with $8.6 million in the prior year. This increase was due principally to a prepayment penalty of $7.3 million and the write-off of $2.1 million of debt issuance costs associated with our purchase and redemption of our 9½% senior subordinated notes due 2008 on February 18, 2004. These notes were purchased and redeemed with the net proceeds of the issuance on February 18, 2004 of the outstanding notes and available funds. Excluding the effect of the prepayment penalty and the write-off of debt issuance costs, we currently expect that interest expense in 2004 will decrease below 2003 levels, as the benefits of the lower interest rate of the outstanding notes are realized.

Income Taxes

Income taxes for the current year are estimated at a rate of 35.0%, compared with last year's full year rate of 35.8%. The decrease in the current year's rate relates principally to (i) anticipated higher pre-tax income, which causes state and local franchise taxes that are not based on income to become a lower percentage, and (ii) decreased non-deductible expenses included in pre-tax book income as the prior year included certain non-deductible expenses associated with the sale of our minority interest in Gant.



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Fiscal Years 2003, 2002 and 2001

The following table summarizes our results of operations in 2003, 2002 and 2001.

| | Fiscal Year | | |
|---|---|---|---|
| | 2003 | 2002 | 2001 |
| | (in millions, except percentages) | | |
| Net sales | $ 1,438.9 | $ 1,393.2 | $ 1,421.0 |
| Royalty and other revenues | 143.1 | 11.8 | 10.8 |
| Total revenues | 1,582.0 | 1,405.0 | 1,431.9 |
| Gross profit | 657.5 | 531.2 | 506.2 |
| % of total revenues | 41.6% | 37.8% | 35.4% |
| Selling, general and administrative expenses | 601.8 | 462.2 | 465.1 |
| % of total revenues | 38.0% | 32.9% | 32.5% |
| Gain on sale of investment | 3.5 | | |
| Income before interest and taxes | 59.3 | 69.0 | 41.1 |
| Interest expense | 37.5 | 23.9 | 24.8 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Interest income | | 1.1 | | 1.2 | | 0.3 |
| Income before taxes | | 22.9 | | 46.3 | | 16.7 |
| Income tax expense | | 8.2 | | 15.9 | | 6.0 |
| Net income | $ | 14.7 | $ | 30.4 | $ | 10.7 |

Net Sales

The 2003 net sales increase of $45.7 million was principally attributable to the net sales increases described below, offset, in part by the net sales decreases described below.

Net sales increases in 2003 include:

- $36.0 million attributable to the Calvin Klein businesses which we acquired on February 12, 2003. Of such amount, $14.2 million relate to the three Calvin Klein image stores which we currently plan to continue to operate, and $21.8 million relate to wholesale distribution of Calvin Klein men's and women's high-end collection apparel products. The high-end wholesale collection apparel business has been transferred to Vestimenta under a license agreement which went into full effect on January 1, 2004.
- $44.9 million attributable to our wholesale apparel business. Significant sales increases were achieved in IZOD and Arrow brand sportswear and Calvin Klein brand dress shirts, and, to a lesser extent, in Van Heusen brand sportswear and Arrow brand dress shirts.

Net sales decreases in 2003 include:

- a $20.1 million decline in our retail outlet divisions due to a difficult retail environment, particularly in the first three quarters of the year. Sales in our retail stores open at least two years declined 3.6% in 2003. Such decreases, when considered with prior year decreases, were deemed an impairment indicator which caused us to evaluate our chain of outlet stores in the fourth quarter of 2003. In connection therewith, an impairment of long-lived assets was recorded for approximately 200 stores. Many of these stores are expected to be closed over the next two years.



- a $15.1 million decrease attributable to reduced wholesale sales of footwear and private label sportswear.

In 2002, the $27.8 million net sales decrease related principally to a weak apparel environment, particularly in dress shirts, as well as a weak overall retail environment, as sales in our retail stores open at least two years declined 3.2%. Also contributing to the 2002 decrease was a reduction in promotional and close-out dress shirt sales used to liquidate excess inventory during 2001.

Royalty and Other Revenues

The 2003 royalty and other revenues increase of $131.3 million was principally attributable to royalty and other revenues of the Calvin Klein Licensing segment.

Gross Profit on Total Revenues

The increase in the 2003 gross profit on total revenues percentage compared with 2002 was due principally to the increase in royalty and other revenues as a percentage of total revenues. Since royalty and other revenues do not carry a cost of sales, the gross profit percentage on such revenues is 100.0%. Partially offsetting the gross profit percentage improvement from the revenue mix was the impact of the wholesale distribution of Calvin Klein men's and women's high-end collection apparel products. These businesses had a 120 basis point negative impact on the 2003 percentage.

The increase in the 2002 gross profit on total revenues percentage compared with 2001 related principally to the cost benefits realized from the closure, at the beginning of 2002, of three dress shirt manufacturing facilities, as well as the reduction in promotional and close-out dress shirt sales used to liquidate excess inventory during 2001.

Selling, General and Administrative Expenses

The increased 2003 selling, general and administrative expense as a percentage of total revenues was principally related to two factors:

- Revenues associated with the Calvin Klein Licensing segment are principally royalty and other revenues which do not carry a cost of sales. Thus, all operating expenses associated with the Calvin Klein Licensing segment's royalty and other revenues are classified as selling, general and administrative expenses, which increases our selling, general and administrative expense as a percentage of total revenues.
- In 2003, we incurred approximately $36.4 million of selling, general and administrative expenses associated with (i) the wholesale distribution of Calvin Klein men's and women's high-end collection products, and (ii) the costs of certain duplicative personnel and facilities incurred during the integration of various Calvin Klein logistical and back office functions. The 2003 year also includes an $11.1 million charge for the impairment of long-lived assets in certain of our retail outlet stores, and related severance and lease termination costs.

Gain on Sale of Investment

In the second quarter of 2003, we sold our minority interest in Gant for $17.2 million, net of related expenses, which resulted in a pre-tax gain of $3.5 million.

Interest Expense and Interest Income

Interest expense in 2003 increased significantly over 2002 and 2001 due to the acquisition of Calvin Klein. The $401.6 million net cash purchase price was funded by issuing $250.0 million of convertible redeemable preferred stock with the balance being funded by use of our cash and a term loan from the holders of the convertible redeemable preferred stock. The term loan carried an interest rate of 10%, and had a principal amount of between $100.0 million and $125.0 million from February 12, 2003 through May 5, 2003. The term loan was repaid on May 5, 2003 with the proceeds from our issuance of $150.0 million of 8 1/8% senior unsecured notes due 2013. Amortization of fees associated with the 8 1/8% senior unsecured notes also contributed to the increased interest expense in 2003.



Income Taxes

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

| 2003 | 2002 | 2001 |
|---|---|---|
| 35.8% | 34.3% | 36.0% |

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

The decreased rate in 2002 compared with 2001 relates principally to (i) higher pre-tax income, which causes state and local franchise taxes which are not based on income to become a lower percentage, (ii) certain state tax saving strategies implemented by us and (iii) the cessation, upon adoption of FASB Statement No. 142, of amortizing for book purposes goodwill which is not tax deductible.

Liquidity and Capital Resources

Our cash requirements are principally to fund growth in working capital, primarily accounts receivable and inventory to support increases in sales, and capital expenditures, including investments in information technology, warehousing and distribution and our retail stores. Historically, we have financed these requirements from internally generated cash flow or seasonal borrowings under our revolving credit facility.

Our capital structure and cash flows were impacted significantly in 2003 by the Calvin Klein acquisition. To finance the acquisition, we issued $250.0 million of convertible redeemable preferred stock. The preferred stock has a conversion price of $14.00 per share and a dividend rate of 8.0% per annum, payable quarterly, in cash. If we elect not to pay a cash dividend for any quarter, then the convertible preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. During the first three quarters of 2003, we did not pay the preferred dividends in cash, and as a result, the liquidation preference of the preferred stock increased to $264.7 million. We currently plan to continue to pay future dividends on the preferred stock in cash. However, we, at our option, may choose not to pay a cash dividend in future quarters.

We also obtained a term loan from the preferred stockholders to finance the acquisition. The term loan was repaid in May 2003 with the net proceeds of our issuance of $150.0 million of 8 1/8% senior unsecured notes due 2013. As a result of this debt issuance, as well as our February 2004 issuance of the outstanding notes and repurchase and redemption of our 9½% senior subordinated notes due 2008 with the proceeds thereof, we have no maturities of long-term debt until February 15, 2011. In addition, the preferred stockholders cannot require redemption of the convertible redeemable preferred stock until 2013.

Operating Activities

Cash provided by operating activities was $17.0 million in the first quarter of 2004 compared with cash used by operating activities of $53.7 million in the prior year's first quarter. Cash flow from net income (loss), adjusted for depreciation and amortization, deferred income taxes and the prepayment penalty on the early extinguishment of debt, increased $13.4 million compared with the prior year's first quarter. The remaining $57.3 million increase in operating cash flow relates principally to the following: (i) cash flow from receivables increased $13.7 million due principally to exiting the wholesale footwear business, and (ii) cash flow from inventories increased $29.9 million due principally to exiting the wholesale footwear business and a reduction in dress shirt inventories. The reduction in dress shirt inventories is attributable to the timing of core product intake. We experienced a build up of core product inventory in our dress shirt business caused by a slowdown in replenishment orders in the first quarter of 2003. This excess inventory position was rectified by reducing core product intake during the remainder of 2003, allowing us to end the first quarter of 2004 with a more favorable inventory position and (iii) cash flow from prepaid and other-net-increased $11.1 million, due principally to February 2004 rent payments being prepaid in 2003. Rent payments for February 2003 were not prepaid in 2002.

Cash provided by operating activities was $56.2 million in 2003 compared with $105.2 million in 2002. Cash provided by operating activities was impacted significantly by the Calvin Klein acquisition. Cash flow from net income, adjusted for depreciation and amortization, deferred taxes and the impairment of long-lived assets, decreased $11.0 million compared with 2002. The remaining decrease in operating cash flow relates to changes in operating assets and liabilities as follows:

- Cash flow from receivables decreased $9.6 million, due principally to the timing of royalty payments related to the Calvin Klein Licensing segment.
- Cash flow from inventories increased $24.3 million, due principally to liquidating inventories associated with the Calvin Klein men's and women's high-end collection apparel businesses in connection with the transfer of the businesses pursuant to the license with Vestimenta.
- Cash outflow for accounts payable and accrued expenses increased $30.4 million, due principally to the Calvin Klein acquisition, including professional fees and restructuring initiatives, which included severance and lease exit costs.
- We made a voluntary $17.0 million contribution to our pension plan in January 2004 to improve our funding status.

Investing Activities

Cash used by investing activities was $9.4 million in the first quarter of 2004. Our investing activities for 2003 were impacted significantly by the Calvin Klein acquisition. Please see the note entitled "Acquisition of Calvin Klein" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended February 1, 2004, which is incorporated by reference in this prospectus, for a description of costs associated with the Calvin Klein acquisition. In connection with the Calvin Klein acquisition, we are making contingent purchase price payments to Mr. Klein based on a percentage of worldwide sales of products bearing any of the Calvin Klein brands. Such amount was $5.3 million for the first quarter of 2004, compared with $4.9 million in the prior year's first quarter. Capital spending in the first quarter of 2004 was $4.1 million compared with $2.9 million in the prior year's first quarter.

Financing Activities

On February 18, 2004, we issued $150.0 million of the outstanding notes. The net proceeds of the offering after related fees were $145.3 million. We used the net proceeds of this issuance and available cash to purchase and redeem our 9½% senior subordinated notes due 2008. The total cash paid for purchase and redemption, including a prepayment penalty, was $157.3 million.

Also impacting financing activities for the first quarter of 2004 were preferred dividends of $5.3 million on our convertible redeemable preferred stock. We chose not to pay the preferred dividends in cash in the prior year's first quarter. In addition, cash flow from the exercise of employee stock options increased $2.0 million compared with the prior year's first quarter.

Our financing activities for 2003 were impacted significantly by the Calvin Klein acquisition. In order to finance the acquisition, we issued $250.0 million of convertible redeemable preferred stock. The cash proceeds of this issuance after related fees were $249.3 million. In addition, we entered into a $125.0 million 10% secured term loan. We refinanced this term loan with a portion of the net proceeds received from the $150.0 million of 8 1/8% senior unsecured notes due 2013 that were issued on May 5, 2003. Please see the notes entitled "Convertible Redeemable Preferred Stock," "Long-Term Debt" and "Noncash Investing and Financing Transactions" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended February 1, 2004, which is incorporated by reference in this prospectus.

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Total debt, which excludes convertible redeemable preferred stock, as a percentage of total capital was 41.8% as of May 2, 2004, 40.5% as of May 4, 2003, 41.6% as of February 1, 2004, 47.8% as of February 2, 2003 and 48.4% as of February 3, 2002. Total capital includes interest-bearing debt, convertible redeemable preferred stock and stockholders' equity. These percentages, net of cash, were 33.2%, 39.3%, 32.2%, 32.6%, and 43.6% as of May 2, 2004, May 4, 2003, February 1, 2004, February 2, 2003 and February 3, 2002, respectively.

We currently expect our cash flow from operating activities in 2004 to be in the range of $95.0 million to $105.0 million. Capital expenditures in 2004 are currently expected to be in the range of $38.0 million to $40.0 million, contingent purchase price payments in 2004 to Mr. Klein are currently expected to be in a range of $20.0 million to $22.0 million and cash dividends in 2004 on both our common and preferred stock are currently expected to aggregate $25.0 million to $26.0 million. As a result, we currently expect to generate $10.0 million to $20.0 million of cash flow in 2004.

Beyond 2004, we currently expect that our net income will increase as a result of the growth in our businesses, principally related to our various Calvin Klein businesses. Such earnings growth, if it materializes, is likely to increase our cash flow. From a cash flow perspective, any future earnings growth may be partially offset by, among other factors, increased working capital requirements or an increase in contingent purchase price payments to Mr. Klein.

For near-term liquidity, in addition to our cash balance, we have a secured revolving credit facility which provides for revolving credit borrowings, as well as the issuance of letters of credit. We may, at our option, borrow and repay amounts up to a maximum of $325.0 million under both the revolving credit borrowings and the issuance of letters of credit. Based on our working capital projections, we believe that our borrowing capacity under this secured revolving credit facility provides us with adequate liquidity for our peak seasonal needs for the foreseeable future. As of May 2, 2004, we had no borrowings and $147.0 million outstanding letters of credit under this facility.

In the longer term, we believe that our ability to generate earnings and cash flow will be adequate to service our debt and fund any required working capital to support our growth. We believe that with the conversion price of our convertible redeemable preferred stock at $14.00 per share, the preferred stock in the future will be converted to common stock rather than redeemed. However, due to the extended date at which redemption could be required, and given our projections of future profitability, we believe that adequate financing could be secured, if necessary, to obtain additional funds for redemption, or, if opportunities present themselves, future acquisitions.

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Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes, as of February 1, 2004, unless otherwise noted, our contractual cash obligations by future period:

Contractual Cash Obligations

| | | Payments Due by Period | | | |
|---|---|---|---|---|---|
| Description | Total Obligations | 2004 | 2005-2006 | 2007-2008 | Thereafter |
| | | | (in millions) | | |
| Long-term debt (1) | $ 400.0 | | | | $ 400.0 |
| Interest payments on long-term debt (1) | 342.0 | $ 30.3 | $ 61.6 | $ 61.6 | 188.5 |
| Operating leases (2) | 293.2 | 69.9 | 89.7 | 53.1 | 80.5 |
| Inventory purchase commitments | 373.5 | 373.5 | | | |
| Minimum contractual royalty payments (3) | 51.0 | 10.4 | 20.6 | 11.4 | 8.6 |
| Supplemental defined benefit plan (4) | 15.8 | | | | 15.8 |
| Total contractual cash obligations | $ 1,475.5 | $ 484.1 | $ 171.9 | $ 126.1 | $ 693.4 |

(1) Long-term debt and related interest payment obligations include $150.0 million of the outstanding notes which we issued on February 18, 2004, and exclude $150.0 million of 9½% senior subordinated notes which we purchased and redeemed with the use of the net proceeds from the issuance of the outstanding notes and available funds. In connection with the purchase and redemption, we paid a prepayment penalty of $7.3 million, which is not reflected in the table.

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

(3) We currently anticipate that future payments required under our license agreements will exceed significantly the contractual minimums shown in the table.

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

Off-Balance Sheet Arrangements

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

Market Risk — Interest And Exchange Rate Sensitivity

Financial instruments held by us include cash equivalents and long-term debt. Based upon the amount of cash equivalents held at May 2, 2004 and the average net amount of cash equivalents that we currently anticipate holding during 2004, we believe that a change of 100 basis points in interest rates would not have a material effect on our financial position or results of operations. The note entitled "Long-Term Debt" in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended February 1, 2004, which is incorporated by reference in this prospectus, outlines the principal amounts, interest rates, fair values and other terms required to evaluate the expected sensitivity of interest rate changes on the fair value of our fixed rate long-term debt.

Substantially all of our sales and expenses are currently denominated in U.S. dollars. However, certain of our operations and license agreements, particularly in the Calvin Klein Licensing segment,



expose us to fluctuations in foreign currency exchange rates, primarily the rate of exchange of the U.S. dollar against the Euro and the Yen. Exchange rate fluctuations can cause the U.S. dollar equivalent of the foreign currency cash flows to vary. This exposure arises as a result of (i) license agreements that require licensees to make royalty and other payments to us based on the local currency in which the licensees operate, with us bearing the risk of exchange rate fluctuations and (ii) our retail and administrative operations that require cash outflows in foreign currencies. To a certain extent, there is a natural hedge of exchange rate changes in that the foreign license agreements generally produce cash inflows and the foreign retail and administrative operations generally produce cash outflows. We may from time to time purchase foreign currency forward exchange contracts to hedge against changes in exchange rates. No forward exchange contracts were held as of May 2, 2004. We believe that future exchange rate changes will not have a material effect on our financial condition or results of operations.

Seasonality

Our business is seasonal, with higher sales and income in the second half of the year, which coincides with our two peak retail selling seasons: the first running from the start of the back to school and Fall selling season 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 second half is the high volume of Fall shipments to wholesale customers, which are generally more profitable than Spring shipments. The less profitable Spring selling season at wholesale combines with retail seasonality to make the first quarter weaker than the other quarters. Due to the Calvin Klein acquisition, in particular the impact of the substantial level of royalty and other revenues generated from the Calvin Klein Licensing segment, which tend to be earned more evenly throughout the year, some of this historical seasonality has been moderated, and additional moderation may occur in the future.

Accounting Policies Involving Significant Estimates

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

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

Inventories — We state our inventories at the lower of cost or market. When market conditions indicate that inventories may need to be sold below cost, inventories are written down to the estimated net realizable value. We believe that all inventory writedowns required at May 2, 2004 have been recorded. If market conditions were to change, it is possible that the required level of inventory reserves would need to be adjusted.

Income taxes — As of February 1, 2004, we have deferred tax assets of $54.3 million related to tax loss and credit carryforwards which begin to expire principally in 2008. Realization of these carryforwards is primarily dependent upon the achievement of future taxable income. Based on the extended expiration dates and projections of future taxable income, we have determined that realization of these assets is more likely than not. If future changes to market conditions require a change in judgment as to realization, it is possible that material adjustments to these deferred tax assets may be required.

Goodwill and other intangible assets — As discussed in the Notes to the Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the fiscal year ended February



1, 2004, which is incorporated by reference in this prospectus, in 2002, we adopted FASB Statement No. 142. This statement requires, among other things, that goodwill and other indefinitely lived intangible assets no longer be amortized, and instead be tested for impairment based on fair value. An impairment loss could have a material adverse impact on our financial condition and results of operations. Performance of the goodwill impairment tests requires significant judgments regarding the allocation of net assets to the reporting unit level, which is the level at which the impairment tests are required. The determination of whether an impairment exists also depends on, among other factors, the estimated fair value of the reporting units, which itself depends in part on market conditions.

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

Pension benefits — Included in the calculations of expense and liability for our pension plans are various assumptions, including return on assets, discount rate and future compensation increases. Based on these assumptions, and due in large part to decreases in discount rates and the poor performance of U.S. equity markets in 2001 and 2002, we have significant unrecognized costs for our pension plans at February 1, 2004. Depending on future asset performance and discount rates, such costs could be required to be amortized in the future which could have a material effect on future pension expense. We are currently estimating that our 2004 pension expense will increase by approximately $4.0 million compared with 2003.

Long-lived asset impairment — During the fourth quarter of 2003, we determined that the long-lived assets in approximately 200 of our retail outlet stores were not recoverable, which resulted in us recording an impairment charge of $9.0 million. In order to calculate the impairment charge, we estimated each store's undiscounted future cash flows and the fair value of the related long-lived assets. The undiscounted future cash flows for each store were estimated assuming the 2003 sales trends continued in the future. If different assumptions had been used for future sales trends, the number of impaired stores could have been significantly higher or lower. The fair value of the long-lived assets was estimated based on our experience in disposing of leasehold improvements of stores which we had closed.

BUSINESS

Overview

We are one of the largest apparel companies in the world, with a heritage dating back over 120 years. We design and market nationally recognized branded dress shirts, sportswear and, to a lesser degree, footwear and other related products. We believe we market approximately one in three of the dress shirts sold in the United States and have a leading position in men's sportswear tops. Our portfolio of brands includes our own brands, Van Heusen, G.H. Bass & Co., Bass, IZOD, Calvin Klein Collection, Calvin Klein, ck and ck Calvin Klein and our licensed brands, Arrow, Geoffrey Beene, Kenneth Cole New York, Kenneth Cole Reaction, BCBG Max Azria, BCBG Attitude, MICHAEL Michael Kors, Sean John, Sean John Collection and Chaps. On February 2, 2004, we entered into a contract to license our Bass wholesale footwear business.

We design, source and market substantially all of our products on a brand-by-brand basis targeting distinct consumer demographics and lifestyles. We market our brands at multiple price points and across multiple channels of distribution. This allows us to provide products to a broad range of consumers, while minimizing competition among our brands and reducing our reliance on any one demographic group, merchandise preference or distribution channel. Currently, our products are distributed at wholesale through more than 10,000 doors in national and regional department, mid-tier department, mass market, specialty and independent stores in the United States. We also leverage our apparel design and sourcing expertise by offering private label dress shirt programs to retailers. Our wholesale business represents our core business and we believe that it is the basis for our brand equity. As a profitable complement to our wholesale business, we also market our products directly to consumers through our Van Heusen, IZOD, Geoffrey Beene and Bass retail stores, primarily located in outlet malls throughout the United States, as well as 17 recently-opened Calvin Klein stores, located in premium outlet malls in the United States.

The Calvin Klein Acquisition

On February 12, 2003, we acquired Calvin Klein. Over the past 30 years, we believe Calvin Klein has become one of the best known designer names in the world. We believe that the Calvin Klein brands — Calvin Klein Collection, ck, Calvin Klein and ck Calvin Klein — complement our portfolio of brands by providing us with the opportunity to market products at higher price points, in higher-end distribution channels and to different consumer groups than our other product offerings. Although the Calvin Klein brand is well established and, we believe, enjoys strong brand awareness among consumers worldwide, at the time of the acquisition, there were numerous product areas in which no products, or only a limited number of products, were offered under any Calvin Klein label, including men's and women's better sportswear, footwear and certain accessories. We are in the process of introducing in the United States a Calvin Klein men's better sportswear line for the Fall 2004 season, and, through our licensing agreement with Kellwood Company, we introduced a women's better sportswear line for the Spring 2004 season. In addition, through our licensing arrangement with G.A.V., we will introduce a women's bridge sportswear line under the ck Calvin Klein brand in the United States in 2004. We believe our expertise in brand management, product design, sourcing and other logistics provides us with the ability to successfully expand product offerings and distribution under the Calvin Klein brands while preserving the brands' prestige and global presence. As a result, we believe we have the opportunity to realize sales growth and enhanced profitability.

Products sold under the Calvin Klein brands are sold primarily under licenses and other arrangements and include jeans, underwear, fragrances, eyewear, men's tailored clothing, ties, shoes, hosiery, socks, swimwear, watches, coats, leather goods, table top and soft home furnishings and accessories. In addition, collections of high-end collection apparel and accessories for men and women are sold under the Calvin Klein Collection brand. We believe these collections are an important factor in maintaining the Calvin Klein image. The collection apparel and accessories are sold to a limited number of high-end department stores and independent boutiques throughout the world and through three company-operated stores located in New York City, Dallas and Paris. Through calendar 2003, we



designed, manufactured and marketed these collections. Commencing with the Spring 2004 collection, the wholesale collection apparel businesses have been licensed to Vestimenta, one of the world's leading manufacturers and distributors of women's and men's high-end apparel. Calvin Klein controls all design operations and product development for most of its licensees, including Vestimenta. Calvin Klein oversees a worldwide marketing, advertising and promotion program of approximately $200 million, the majority of which is funded by its licensees. We believe that maintaining control over design and advertising through Calvin Klein's dedicated in-house teams plays a key role in the continued strength of the Calvin Klein brands.

Our Competitive Strengths

We have a diversified portfolio of nationally recognized brands. We have developed a portfolio of brands targeted to a broad spectrum of consumers. Our owned brands have long histories — Bass dates back to 1876, Van Heusen to the early 1920s and IZOD to the 1930s — and enjoy high recognition within their respective consumer segments. The acquisition of Calvin Klein and its prestigious brands provides us with the opportunity to develop businesses that target different consumer groups at higher price points and in higher-end distribution channels than our other brands, as well as with significant global opportunities due to the worldwide recognition of the Calvin Klein brands.

We have an established multi-channel distribution model. We have a diversified sales distribution strategy that includes an established multi-channel wholesale business and a complementary retail store base. Currently, we distribute our products through more than 10,000 doors in the United States in national and regional department, mid-tier department, mass market, specialty and independent stores. In addition, we currently operate approximately 700 retail stores, primarily in outlet malls throughout the United States, under the Van Heusen, IZOD, Bass and Geoffrey Beene names. We announced at the end of 2003 our intention to close underperforming stores over the next two years. Since October 29, 2003, we have opened 17 Calvin Klein stores in premium outlet malls in the United States. We believe our profitable retail division is an important complement to our wholesale operations because we believe that our stores further enhance consumer awareness of our brands, including by offering products that are not available in our wholesale lines or, in the case of our Calvin Klein outlet stores, offering a broad spectrum of Calvin Klein products to communicate the Calvin Klein lifestyle, while also providing a means for managing excess inventory.

We are a leader in the dress shirt and sportswear tops markets. Our dress shirt brands have the highest market share in the $2 billion U.S. dress shirt market. We believe we market approximately one in three of the dress shirts sold in the United States. In 2003, sales of our dress shirt brands were approximately 44% of dress shirt sales in U.S. department stores, which is the largest sales channel for dress shirts. We also continue to experience sales growth in the large and fragmented U.S. men's sportswear tops market. We believe that the high recognition and depth of our brand offerings enables us to maintain, and offers us the opportunity to increase, main floor space with our customers.

We have a stable and diversified business. Our diversified portfolio of apparel brands and apparel and footwear products and our use of multiple channels of distribution has allowed us to develop a business that produces results that are not dependent on any one demographic group, merchandise preference or distribution channel. We believe that our diversification reduces our reliance on any single market or product category and increases the stability of our business. Our acquisition of Calvin Klein provides us with a significantly expanded source of licensing revenues which we believe adds to the stability of our business.

We have had success in acquiring, managing, developing and positioning new brands. Over the past several years, we have been successful in acquiring, managing, developing and positioning several brands within our existing business, including IZOD, Arrow and Kenneth Cole. For example in 1995, we acquired the IZOD brand, and since then have grown it into the leading main floor department store men's sportswear tops brand. We have grown the wholesale sales of IZOD by over 400% since 1995. We began marketing IZOD dress shirts in the third quarter of fiscal 2001 and, for 2003, IZOD was the tenth best selling dress shirt in U.S. department stores. We acquired the Kenneth Cole license



in 2000. Since 2001, our first full year under the license, we have increased wholesale sales in units and dollars by 75% and 55%, respectively, and Kenneth Cole New York dress shirts have gone from outside of the top ten best selling dress shirts in U.S. department stores to the sixth best selling dress shirt in U.S. department stores.

We have sophisticated and established sourcing, logistics, warehouse and distribution systems. Our centralized capabilities for worldwide procurement and sourcing support our efforts to deliver to our customers competitive, high quality and low cost goods on a timely basis. We have an extensive, established network of worldwide sourcing partners which allows us to meet our customers' needs in an efficient manner, with neither reliance on any one vendor or factory, nor reliance on vendors or factories in any one country. We also operate a system of wholesale and retail distribution centers which we believe have sufficient capacity to accommodate future growth, including our strategies for the Calvin Klein brands, without a significant increase in capital expenditures. We believe that our investments in logistics and supply chain management allow us to respond rapidly to changes in sales trends and customer demands while enhancing our inventory management efficiencies.

We have a highly experienced management team. Our executive management team has extensive experience in the apparel industry, and many of our senior executives have spent the majority of their professional careers with us. Bruce J. Klatsky, our Chairman and Chief Executive Officer, and Mark Weber, our President and Chief Operating Officer, have each been with us for over 30 years. In addition, the other 24 members of our senior management team have an average of over 23 years of industry experience.

Our Business Strategy

We intend to capitalize on the significant opportunities presented by our acquisition of Calvin Klein, as well as focus on strengthening our core business, through the execution of the following strategies:

Management and development of the Calvin Klein brands. The acquisition of Calvin Klein provides us with the opportunity to use our core competencies to expand the product offerings under the globally-recognized Calvin Klein brands and to bring these new product offerings into additional channels of distribution. Additionally, we have taken actions to realize significant corporate and administrative cost savings within the Calvin Klein business. Our actions have been consistent with preserving the brands' prestige and global presence. Our primary development and growth initiatives include:

- Maintain and enhance the core Calvin Klein licensing business. We intend to continue to license the Calvin Klein brands to existing licensees and to seek additional licensing partners as profitable opportunities arise. We believe that licensing the brands provides us with a relatively stable flow of revenues with high margins and enables us to market globally the Calvin Klein brands across multiple product categories, further enhancing the image and reach of these lifestyle brands.

- Develop a Calvin Klein men's better sportswear line. Calvin Klein does not currently offer men's better sportswear. We are in the process of introducing in the United States a Calvin Klein men's better sportswear line for the Fall 2004 season. Our line is intended to reflect the Calvin Klein style and capitalize on the strong Calvin Klein brand identity. The line is being marketed and sold to better fashion department and specialty store customers and will be sold in sportswear collection areas and specially designed shop-in-shops complementing the existing main floor sportswear offerings of our other brands. We expect to capitalize on our experience in developing successful sportswear lines, sourcing expertise and strong wholesale customer relationships to take advantage of this market opportunity.
- Successfully develop the licensing relationship for the Calvin Klein women's better sportswear line. We entered into a licensing agreement in June 2003 with Kellwood to develop a women's better sportswear line to be marketed in North, Central and South America under the Calvin Klein name. This line was launched in the United States for the Spring 2004 season



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and was in stores beginning in March 2004. Previously, women's better sportswear was not offered under any of the Calvin Klein brands. Pursuant to the agreement, Kellwood is collaborating with G.A.V., a new business venture headed by Andrew Grossman and Alexander Vreeland, to help develop and launch the line. Design, sales and marketing are the responsibility of Messrs. Grossman and Vreeland, while Kellwood is responsible for production, sourcing and distribution and providing working capital relating to G.A.V.'s performance under the license agreement. We have design and customer approval rights, and we control branding, advertising and public relations. We believe that this line will become a prominent brand in the women's better sportswear sector because of the image and strength of the Calvin Klein brand.

- Successfully develop the licensing relationship for the Calvin Klein men's and women's high-end collection apparel businesses. We have licensed our men's and women's high-end collection apparel businesses to Vestimenta, one of the world's leading manufacturers and distributors of women's and men's high-end apparel, commencing with the Spring 2004 collection. In recent years, Calvin Klein had operated these businesses directly. The license is an exclusive, worldwide, 10-year license for the Calvin Klein Collection brand. Vestimenta is responsible for the merchandising, manufacturing, quality control, selling, warehousing and shipping aspects of such businesses. Our Calvin Klein design and advertising teams are responsible for substantially all design, marketing, advertising and public relations aspects of the collection apparel businesses and approve the wholesale customers to which Vestimenta sells the collections. We believe this business relationship will optimize our global opportunities for collection apparel, enhance the image of the Calvin Klein brands and result in cost savings.
- Operate Calvin Klein retail outlet stores. We are expanding our retail offerings by opening Calvin Klein stores in premium outlet malls that are consistent with the Calvin Klein image and in which other prestige designers maintain stores. Since October 29, 2003, we have opened 17 stores in the United States. We currently intend to open as many as 75 Calvin Klein outlet stores over the next four to five years. The Calvin Klein stores offer Calvin Klein men's and women's apparel and other Calvin Klein licensed products. We believe that the strength of the Calvin Klein brands, our strong presence and considerable experience operating stores in outlet malls across the United States and our established relationships with landlords of the premium outlet malls should enable us to successfully execute this strategy.
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Reduce overhead expenses. We believe that Calvin Klein's corporate overhead and back office expenses were significantly higher than required by the size and needs of its business. We have taken actions to significantly reduce these costs and integrate many Calvin Klein overhead functions with our current operations, the result of which, we believe, will be increased cash flow and profitability of our Calvin Klein business. We have not reduced, and do not intend to reduce, the in-house marketing and advertising and design divisions of Calvin Klein.

Continue to strengthen the competitive position and image of our current brand portfolio. We intend for each of our brands to be a leader in its respective market segment, with strong consumer awareness and consumer loyalty. We believe that our brands are successful in their respective segments because we have strategically positioned each brand to target a distinct consumer demographic. We will continue to design and market our branded products to complement each other, satisfy lifestyle needs, emphasize product features important to our target consumers and produce consumer loyalty.

- Enhance our relationships. We will seek to increase our market share within the dress shirt and sportswear segments by enhancing our relationships with existing customers and gaining increased floor space. We believe the broad appeal and diversity of our products, together with our customer, advertising and marketing support and our ability to offer products with innovative qualities, will enable us to expand and develop relationships with apparel retailers in the United States and internationally. In addition, we will continue to provide private label products as profitable opportunities arise.



- Increase our sportswear market penetration. We believe that our brands offer retailers advantages over many of the current less recognized labels available on the main floor due to the name recognition of our brands, the style, price and value equation we offer and the customer, advertising and marketing support that we provide. Our wholesale men's sportswear sales have increased 29.6% from 1998 to 2003. We believe our brands' advantages, as well as expected growth in this large and fragmented segment of the men's apparel market, provide us with an opportunity for further growth.
- Expand our network of licensing partners for future product extension. We believe our nationally recognized brand names provide us with growth opportunities in product licensing. We will seek to strengthen our existing licensing relationships and to align ourselves with new licensing partners to take advantage of these growth opportunities as they arise. These opportunities may include the licensing of our brand names across other product categories and internationally.

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

Our Business

Our business includes the design, sourcing and marketing of a varied selection of branded and private label dress shirts, sportswear and, to a lesser degree, footwear and other related products, as well as the licensing of our brands for an assortment of products. Prior to our acquisition of Calvin Klein, our business was reported in two segments: (1)

Apparel and (2) Footwear and Related Products. Our Apparel segment was operated in two groups: dress shirts and sportswear. The acquisition of Calvin Klein impacted the way we manage and analyze our operating results. As a result, we have changed the way we report our segment data, and we now report the following two business segments: (1) Apparel and Related Products and (2) Calvin Klein Licensing.

Apparel and Related Products

Dress Shirts

We market our dress shirts principally under the Van Heusen, Arrow, IZOD, Geoffrey Beene, Calvin Klein, Kenneth Cole New York, Kenneth Cole Reaction and BCBG Max Azria and BCBG Attitude (both introduced for Father's Day 2004) brands and will be introducing lines of MICHAEL Michael Kors, Sean John, Sean John Collection and Chaps dress shirts later in 2004.

Our dress shirt business, which generated, through the wholesale channel, 20.3% of our fiscal 2003 revenues, includes the design and marketing of dress shirts in a broad selection of styles and colors that are sold at retail price points generally ranging from $20 to $65 a shirt.

The Van Heusen dress shirt has provided a strong foundation for us for most of our history and is the best selling dress shirt brand in the United States. The Van Heusen dress shirt targets the updated classical consumer, is marketed at opening to moderate price points and is distributed through more than 3,500 doors, principally in department stores, including Belk, Inc., Federated Department Stores, Inc., J.C. Penny Company, Inc., The May Department Stores Company and Saks Inc. and through our Van Heusen retail stores.

The Arrow dress shirt targets the updated classical consumer, is marketed at opening to moderate price points and is distributed through more than 2,000 doors, principally in mid-tier department stores, including Kohl's Corporation and Sears, Roebuck and Co. The Arrow dress shirt is positioned as a mid-tier department store complement to Van Heusen. We market Arrow dress shirts under a license agreement with Cluett American Corp. that expires on June 30, 2007 and which we may extend through June 30, 2017.



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The IZOD dress shirt targets the modern traditional consumer, is marketed at moderate price points and is distributed through more than 1,100 doors, principally in department stores, including Belk and May.

The Geoffrey Beene dress shirt is the best selling designer dress shirt brand in department stores in the United States. The Geoffrey Beene dress shirt targets the more style conscious consumer, is marketed at moderate to upper moderate price points and is distributed through more than 2,500 doors, principally in department stores, including Federated, Marshall Field's, May and Saks, and through our Geoffrey Beene retail stores. We market Geoffrey Beene dress shirts under a license agreement with Geoffrey Beene Inc. that expires on December 31, 2008 and which we may extend through December 31, 2013.

The Calvin Klein dress shirt targets the classical contemporary consumer, is marketed at better price points and currently is distributed through more than 550 doors, principally in department and specialty stores, including Federated, Marshall Field's and May.

The Kenneth Cole New York dress shirt targets the modern consumer, is marketed at better price points and is distributed through more than 650 doors, principally in department stores including Dillards, Inc., Federated, Marshall Field's and May. The Kenneth Cole Reaction dress shirt targets the more youthful, modem consumer, is marketed at opening to better price points and is distributed through more than 350 doors, principally in department stores, including Federated and May. We market the two Kenneth Cole brands of dress shirts under a license agreement with K.C.P.L., Inc. that expires on December 31, 2005.

Our branded offerings include Etienne Aigner and, new for Father's Day 2004, BCBG Max Azria and BCBG Attitude. In addition we will be offering MICHAEL Michael Kors dress shirts for Fall 2004 and will introduce Sean John, Sean John Collection and Chaps dress shirt lines for Holiday 2004.

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

Sportswear

We market our sportswear principally under the IZOD, Van Heusen, Arrow and Geoffrey Beene brands. Our sportswear business, which generated 49.2% of our fiscal 2003 revenues, includes men's knit and woven sport shirts, sweaters, bottoms, swimwear, boxers and outerwear marketed at wholesale and sportswear, accessories and other apparel for men and women offered in our Van Heusen, IZOD and Geoffrey Beene retail stores. We are in the process of introducing a Calvin Klein men's better sportswear line for the Fall 2004 season.

IZOD is the best selling main floor department store men's sportswear tops brand. IZOD apparel consists of active-inspired men's sportswear, including sweaters, knit and woven sport shirts, slacks, fleecewear and microfiber jackets. IZOD sportswear targets the active consumer, is marketed at moderate to upper moderate price points and is distributed through more than 2,400 doors, principally in department stores, including Belk, Federated, JCPenney, May and Saks, and through our IZOD retail stores. Our IZOD stores offer men's and women's active-inspired sportswear, with a focus on golf, travel and resort apparel.

Van Heusen is the best selling main floor department store men's woven sport shirt brand in the United States. Van Heusen sportswear also includes knit sport shirts and sweaters. Like Van Heusen



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dress shirts, Van Heusen sport shirts and sweaters target the updated classical consumer, are marketed at opening to moderate price points and are distributed through more than 3,500 doors, principally in department stores, including Belk, Federated, JCPenney, May and Saks, and through our Van Heusen retail stores. Our Van Heusen stores offer a range of men's products from dress furnishings to sportswear, as well as women's sportswear.

Arrow sportswear targets the updated classical consumer, is marketed at moderate price points and is distributed through more than 2,000 doors, principally in mid-tier department stores, including Kohl's and Sears. Arrow sportswear consists of men's knit and woven tops, sweaters and bottoms. We market Arrow sportswear at wholesale under the same license agreement as Arrow dress shirts.

Geoffrey Beene sportswear targets a more style conscious consumer than IZOD, Van Heusen and Arrow and is positioned as a designer label for men's woven and knit sport shirts on the main floor of department stores. Geoffrey Beene sportswear is marketed at upper moderate price points and is distributed through more than 800 doors, principally in department stores, including Federated, Marshall Field's and May, and through our Geoffrey Beene retail stores. Our Geoffrey Beene stores offer men's furnishings, casual and dress casual sportswear and women's casual and dress casual sportswear, under a license agreement which expires on December 31, 2005, and which we may extend for up to two additional three-year periods, the last of which would end on December 31, 2011. We market Geoffrey Beene men's sportswear at wholesale under the same license agreement as Geoffrey Beene dress shirts.

Our Calvin Klein men's better sportswear line will be targeted to a modern classic consumer. We anticipate that this new line will be distributed though 200 to 250 doors, in better fashion department and specialty stores, and through our Calvin Klein retail stores.

Footwear

Sales of our footwear and related Bass products generated 21.5% of our fiscal 2003 revenues. The products included casual and dress casual shoes for men, women and children marketed at wholesale and in our Bass retail stores and Bass apparel and accessories for men and women offered only in our Bass retail stores. We recently entered into an exclusive agreement to license our Bass wholesale footwear business to Brown Shoe, a leading footwear retailer and wholesaler of branded and private label footwear. Effective February 2, 2004, Brown Shoe has assumed responsibility under the license agreement for the design, sourcing and marketing of footwear at wholesale, on a worldwide basis, under the Bass label. The initial term of the license expires on January 31, 2007 and may be extended through January 31, 2013, subject to certain conditions. We will continue to operate our Bass retail stores.

The Bass brand has a leading position in men's casual footwear in the United States. Bass footwear is generally known for its classic American style and is marketed at moderate price points. Our Bass retail stores carry an assortment of Bass footwear from the wholesale line, as well as styles that are not available at wholesale. Most of our stores also carry Bass apparel for men and women, as well as accessories such as handbags, belts and travel gear.

Licensing

We license our brands globally for a broad range of products. The licensing of our brands generated 9.0% of our fiscal 2003 revenues. We believe royalty and other revenues from our licensing partners provide us with a relatively stable flow of revenues and extend and strengthen our brands globally.

We grant licensing partners the right to manufacture and sell at wholesale specified products under one or more of our brands. In addition, certain foreign licensees are granted the right to open retail stores under the licensed brand name and sell only goods under that name in such stores. A substantial portion of the sales by our domestic licensing partners are made to our largest wholesale customers. As compensation under these agreements, each licensing partner pays us royalties based upon its sales of our branded products, subject generally to payment of a minimum royalty. These

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payments generally range from 3.0% to 7.0% of the licensing partners' sales of the licensed products. In addition, licensing partners are generally required to spend an amount equal to between 2.0% and 5.0% of their sales to advertise our products. We provide support to our business partners and seek to preserve the integrity of our brand names by taking an active role in the design, quality control, advertising, marketing and distribution of each licensed product, most of which are subject to our prior approval and continuing oversight.

We license our Van Heusen, IZOD, IZOD G and G.H. Bass & Co. brand names for various products worldwide. We also sublicense to others the Arrow and Geoffrey Beene brand names for various products. Our largest licensing partners for these brand names as a group in fiscal 2003 by licensing revenues earned by us were:

- Fishman & Tobin, Inc. accounting for approximately 20%
- Block Sportswear, Inc. accounting for approximately 9%

We license under approximately 60 license agreements. The products offered by our key domestic licensing partners include:

| Licensing Partner | Product Category |
|---|---|
| Block Sportswear, Inc. | Van Heusen and IZOD 'big and tall' sportswear |
| Brown Shoe Company, Inc. | Bass wholesale footwear (commenced in 2004) |
| Custom Leather Canada Limited | Van Heusen belts |
| Fishman & Tobin, Inc. | Van Heusen and IZOD boys' sportswear |
| Aptaker Co., Inc. d/b/a Nouveau Eyewear | Van Heusen and G.H. Bass eyewear |
| Randa Neckwear Corp. | Van Heusen neckwear |
| Tropical Sportswear International, Inc. | Van Heusen men's pants |
| Westport Corporation | Van Heusen small leather goods |
| Clearvision Optical Company, Inc. | IZOD eyewear |
| Gold Toe Brand, Inc. | IZOD and IZOD G hosiery |
| Humphrey's Accessories LLC | IZOD belts |
| International Home Textiles, Inc. | IZOD soft home furnishing products |
| Kellwood Company | IZOD women's sportswear, swimwear, and accessories (commencing in 2004) |
| Knothe Corporation | IZOD sleepwear and loungewear |
| Mallory & Church Corporation | IZOD neckwear |
| Peerless Delaware, Inc. | IZOD tailored clothing |
| PG USA Sportswear, Inc. | IZOD G men's and women's golf apparel (commenced in 2004) |

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

Calvin Klein Licensing

The principal source of revenues for our Calvin Klein Licensing segment is our business arrangements with licensees and other third parties worldwide that manufacture and distribute globally a broad array of products under the Calvin Klein brands. For fiscal 2003, approximately 54% of revenues from this business was generated by domestic business partners and approximately 46% was generated by foreign business partners. Our Calvin Klein Licensing segment combines its design, marketing and imaging skills with the specific manufacturing, distribution and geographic capabilities



of its business partners to enter into new product categories and extend existing lines of business. Our Calvin Klein Licensing segment's largest business partners in terms of royalty and other revenues earned by us in fiscal 2003 were:

- Warnaco, Inc. accounting for approximately 26%
- Unilever N.V. accounting for approximately 18%
- Marchon Eyewear, Inc. accounting for approximately 10%

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

Overall, our Calvin Klein business has in excess of 30 licensing arrangements. The products offered by our Calvin Klein business' key business partners include:

| Business Partner | Product Category |
| --- | --- |
| Warnaco, Inc. | Men's, women's and children's jeanswear; men's underwear and sleepwear; women's intimate apparel and sleepwear; women's swimwear (commencing in 2005) |
| Unilever N.V. | Men's, women's and children's fragrance and bath products |
| Marchon Eyewear, Inc. | Men's and women's optical frames and sunglasses |
| Vestimenta, S.p.A. | Men's and women's high-end apparel |
| Onward Kashiyama Co. Ltd. (Japan) | Men's and women's apparel and certain casual attire and women's coats and accessories |
| Kellwood Company | Women's better sportswear |
| CK Jeanswear Europe, S.p.A. | Men's, women's and children's jeanswear and women's belts |
| CK Jeanswear Asia Ltd. | Men's, women's and children's jeanswear |
| Design Works Inc. | Soft home furnishing products |
| CK Watch Co., Ltd. (Swatch SA) | Men's and women's watches and clocks; jewelry (commencing in 2004) |
| McGregor Industries, Inc. | Men's and women's socks and women's tights |
| Peerless Delaware, Inc. | Men's tailored clothing |

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

Wholesale Customers

Our wholesale business represents our core business and we believe that it is the basis for our brand equity. Currently, our products are distributed at wholesale through more than 10,000 doors in national and regional department, mid-tier department, mass market, specialty and independent stores



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in the United States. A few of our customers, including Federated, JCPenney, Kohl's, May and Wal-Mart account for significant portions of our revenues. Sales to our five largest customers were 27.2% of our revenues in fiscal 2003, 30.7% of our revenues in fiscal 2002 and 27.7% of our revenues in fiscal 2001. No single customer accounted for greater than 10% of our revenues in fiscal 2003.

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

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

Each sales force includes a team of sales professionals that work closely with our customers providing them with a dedicated level of service including designing a focused selling strategy for each brand while ensuring that each brand's particular qualities and identities are strategically positioned to target a distinct consumer base. Our customers offer our dress shirts and men's sportswear on the main floor of their stores and we offer our customers merchandising support with visual display fixtures and in-store marketing. When a line of our products is displayed in a stand-alone area on the main floor, we are able to further enhance brand recognition, to permit more complete merchandising of our lines and to differentiate the presentation of products. We believe the broad appeal of our products, with multiple well-known brands offering differing styles at different price points, together with our customer, advertising and marketing support and our ability to offer products with innovative qualities, allow us to expand and develop relationships with apparel retailers in the United States.

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

Retail Stores

We operate approximately 700 retail stores under the Van Heusen, IZOD, Bass and Geoffrey Beene names. We recently announced that we would close underperforming stores over the next two years. Ranging in size from 1,000 to 11,000 square feet, with an average of approximately 4,000 square feet, our stores are primarily located in outlet malls throughout the United States. We believe our profitable retail division is an important complement to our wholesale operations because we believe that the stores further enhance consumer awareness of our brands, including by offering products that are not available in our wholesale lines, while also providing a means for managing excess inventory.

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

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

Our Bass outlet stores offer a selection of Bass footwear from the Bass wholesale line, as well as styles not available at wholesale. Most of our stores also carry apparel for men and women, including



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tops, bottoms and outerwear and accessories such as handbags, wallets, belts and travel gear. We will continue to operate our Bass retail stores although we have agreed to license to Brown Shoe, effective February 2004, the design, sourcing and marketing of Bass footwear at wholesale.

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

We are expanding our retail offerings by opening Calvin Klein stores in premium outlet malls that are consistent with the Calvin Klein image and in which other prestige designers maintain stores. Since October 29, 2003, we have opened 17 stores in the United States. We currently intend to open as many as 75 Calvin Klein outlet stores over time in such premium outlet malls. The Calvin Klein stores offer Calvin Klein men's and women's apparel and other Calvin Klein products to communicate the Calvin Klein lifestyle. We also operate three stores that offer Calvin Klein men's and women's high-end collection apparel and accessories and other products under the Calvin Klein brands. These stores are located in New York City, Dallas and Paris.

Design

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

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

The Calvin Klein Licensing segment has a cohesive team of senior design directors who share a vision for the Calvin Klein brands and who each lead a separate design team, by product categories. This team has been in place from prior to, and has remained largely intact since, our acquisition of Calvin Klein. These teams control all design operations and product development for most licensees and other strategic alliances. In addition, new teams sharing the same vision have been assembled for our men's better sportswear line, and for overseeing all design operation and product development in connection with the licensing of the women's better sportswear line.

Sourcing and Production

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

In 2003, approximately 225 different manufacturers produced our products in over 300 factories worldwide. During fiscal 2003, in excess of 95% of our products were produced by manufacturers located in foreign countries. We source finished products and raw materials. Raw materials include fabric, buttons, thread, labels and similar materials. Raw materials and production commitments are generally made two to six months prior to production and quantities are finalized at that time. We believe we are one of the largest procurers of shining fabric in the world. Finished products consist of manufactured and fully assembled products ready for shipment to our customers and our stores. Most of our dress shirts and all of our sportswear are sourced and manufactured to our specifications by



independent manufacturers in the Far East, Indian subcontinent, Middle East, Caribbean and Central America who meet our quality, cost and human rights requirements. Our footwear is sourced and manufactured to our specifications by independent manufacturers who meet our quality, cost and human rights requirements, principally located in the Far East, Europe, South America and the Caribbean. No single supplier is critical to our production needs, and we believe that an ample number of alternative suppliers exist should we need to secure additional or replacement production capacity and raw materials. Given our extensive network of sourcing partners, we believe we are able to obtain goods at low cost and on a timely basis.

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

Approximately 7% of our dress shirts are manufactured in our domestic apparel manufacturing facility located in Ozark, Alabama. This facility, which we own, is approximately 108,000 square feet, and is utilized by us primarily as a quick response facility, including by fulfilling product replenishment orders.

Warehousing and Distribution

To facilitate distribution, our products are shipped from manufacturers to our wholesale and retail warehousing and distribution centers for inspection, sorting, packing and shipment to our customers. Ranging in size from 67,000 to 575,000 square feet, our centers are located in North Carolina, Tennessee, Pennsylvania, Georgia, Arkansas and Maine. Each of our centers is generally dedicated to serving either our wholesale customers or our retail stores. Our warehousing and distribution centers are designed to provide responsive service to our customers and our retail stores, as the case may be, on a cost-effective basis. This includes the use of various forms of electronic communications to meet customer needs, including advance shipping notices for all major customers. Our Maine facilities will be closed in 2004 in connection with the licensing of the Bass brand to Brown Shoe for wholesale footwear. Continuing operations for our Bass retail operations that were performed at the Maine facilities will be moved to another of our facilities. We believe that our distribution centers and capabilities compare favorably on a cost and service basis with those of our competitors and that these constitute part of our core competencies.

Advertising and Promotion

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

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

With respect to our retail operations, we rely upon local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage (highway



billboards, off-highway directional signs, on-site signage and on-site information centers), print advertising (brochures, newspapers and travel magazines), direct marketing (to tour bus companies and travel agents), radio and television and special promotions.

In acquiring Calvin Klein, we believe we acquired one of the best known designer names in the world. One of the efforts that has helped to establish the Calvin Klein image has been its high-profile, cutting-edge advertising campaigns that have stimulated admiration, publicity, curiosity and debate. Our Calvin Klein Licensing segment has a dedicated in-house advertising agency, CRK Advertising, with experienced in-house creative and media teams that develop and execute a substantial portion of the advertising for products under the Calvin Klein brands. The teams work closely with the Calvin Klein design teams and its licensees and other business partners to deliver a consistent and unified brand message to the consumer. CRK Advertising oversees a worldwide marketing, advertising and promotion program of approximately $200 million, a majority of which is funded by its licensees.

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

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

Trademarks

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

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

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

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

Our Relationship with Mr. Klein

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

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

Competition

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

We compete primarily on the basis of style, quality and service. Our business depends on our ability to stimulate consumer tastes and demands, as well as on our ability to remain competitive in



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

Tariffs and Import Restrictions

A substantial portion of our products is manufactured by contractors located outside the United States. These products are imported and are subject to U.S. customs laws, which impose tariffs as well as import quota restrictions for textiles and apparel established by the U.S. government. In addition, a portion of our imported products is eligible for certain duty-advantaged programs commonly known as NAFTA, AGOA, CBTPA and CBI. While importation of goods from some countries from which we obtain goods maybe subject to embargo by U.S. Customs authorities if shipments exceed quota limits, we closely monitor 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 our business. Moreover, with the gradual elimination of textile and apparel quotas over the next few years by the World Trade Organization, these quota restrictions will no longer affect our business in most countries.

Environmental Matters

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



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Properties

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

| Location | Use | Ownership Status | Approximate Area in Square Feet |
|---|---|---|---|
| New York, New York | Corporate and apparel administrative offices and showrooms | Leased | 138,000 |
| New York, New York | Calvin Klein administrative offices and showrooms | Leased | 159,000 |
| Bridgewater, New Jersey | Corporate and apparel administrative offices | Leased | 163,000 |
| S. Portland, Maine | Footwear administrative offices | Leased | 99,000 |
| Ozark, Alabama | Apparel manufacturing facilities | Owned | 108,000 |
| Reading, Pennsylvania | Apparel warehouse and distribution center | Owned | 410,000 |
| Chattanooga, Tennessee | Apparel warehouse and distribution center | Owned | 451,000 |
| Chattanooga, Tennessee | Apparel storage | Leased | 60,000 |
| Schuylkill Haven, Pennsylvania | Apparel warehouse and distribution center | Owned | 251,000 |
| Schuylkill Haven, Pennsylvania | Apparel storage | Leased | 53,000 |
| Austell, Georgia | Apparel warehouse and distribution center | Leased | 421,000 |
| Brinkley, Arkansas | Apparel warehouse and distribution center | Owned | 112,000 |
| Wilton, Maine | Footwear warehouse and distribution center | Owned | 352,000 |
| North Jay, Maine | Footwear warehouse and distribution center | Owned | 67,000 |
| Jonesville, North Carolina | Apparel and footwear warehouse and distribution center | Owned | 575,000 |

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

In connection with our licensing of the Bass brand to Brown Shoe for wholesale footwear, we will be closing our South Portland, Maine offices and Wilton, Maine and North Jay, Maine warehouses and distribution centers. Continuing operations relating to our Bass retail business will be relocated to other facilities.

Information with respect to minimum annual rental commitments under leases in which we are a lessee is included in the note entitled "Leases" in the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2004.

Legal Proceedings

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

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## Employees

As of February 1, 2004, we employed approximately 5,000 persons on a full-time basis and approximately 4,000 persons on a part-time basis. Approximately 4% of our employees are represented for the purpose of collective bargaining by five different unions. Additional persons, some represented by these five unions, are employed from time to time based upon our manufacturing schedules and retailing seasonal needs. Our collective bargaining agreements generally are for three-year terms. We believe that our relations with our employees are satisfactory.

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## MANAGEMENT

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

| Name | Age | Position |
|---|---|---|
| Bruce J. Klatsky | 55 | Chairman of the Board and Chief Executive Officer; Director |
| Mark Weber | 55 | President and Chief Operating Officer; Director |
| Emanuel Chirico | 47 | Executive Vice President and Chief Financial Officer |
| Francis K. Duane | 46 | Vice Chairman, Sportswear |
| Allen E. Sirkin | 62 | Vice Chairman, Dress Shirts |
| Michael Zaccaro | 58 | Vice Chairman, Retail Apparel |
| Edward H. Cohen* | 65 | Director |
| Joseph B. Fuller | 47 | Director |
| Joel H. Goldberg | 60 | Director |
| Marc Grosman °+ | 49 | Director |
| David A. Landau º + | 38 | Director |
| Harry N.S. Lee | 61 | Director |
| Bruce Maggin* | 61 | Director |
| Henry Nasella | 57 | Director |
| Christian Näther | 38 | Director |
| Peter J. Solomon* | 65 | Director |

*Member of the Audit Committee

ºMember of the Nominating & Governance Committee

+Member of the Compensation Committee

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

June of 1994.

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

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

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

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

Mr. Michael Zaccaro became our Vice Chairman, Retail Apparel in April 2002. Prior to that he was Group President, Van Heusen and Izod Retail from August 2001 until April 2002, President, Izod Retail from January 1999 until July 2001 and President, Van Heusen Retail from August 1996 until December 1998.

Mr. Edward H. Cohen has served as one of our directors since 1987 and is also a director of Franklin Electronic Publishers, Inc., Levcor International, Inc., Merrimac Industries, Inc. and Gilman & Ciocia, Inc. He was a partner in the law firm of Rosenman & Colin LLP from 1972 until its February 1, 2002 merger with Katten Muchin Zavis, at which time he became, and currently is, counsel to the merged firm of Katten Muchin Zavis Rosenman. Mr. Cohen is retired from the full time practice of law.



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Mr. Joseph B. Fuller has served as one of our directors since 1991 and is also a director of Merrimac Industries, Inc. He is currently, and has been for more than the past five years, the Chief Executive Officer and a director of Monitor Company, a management consulting firm.

Dr. Joel H. Goldberg has served as one of our directors since 1997 and is also a director of Hampshire Group, Limited as well as Merrimac Industries, Inc. He is currently, and has been for more than the past five years, the President of Career Consultants, Inc., a management consulting firm.

Mr. Marc Grosman has served as one of our directors since 1997 and is also a director of Aigle SA. He is the Founder, and has been for more than the past five years, the Chief Executive Officer of Marc Laurent SA, the owner of a chain of European apparel stores which trades under the name CELIO.

Mr. David A. Landau became one of our directors in February 2003. Mr. Landau has been a partner of Apax Partners, Inc., an international private equity investment group, and the head of Apax's U.S. Consumer/Retail Group since 1998.

Mr. Harry N.S. Lee has served as one of our directors since 1995. He is currently, and for more than the past five years has been, the Managing Director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong.

Mr. Bruce Maggin has served as one of our directors since 1987 and is also a director of Central European Media Enterprises Ltd. He is currently the Principal of The H.A.M. Media Group, LLC, a media investment company. From 1999 until 2002, Mr. Maggin was the Chief Executive Officer of TDN, Inc. (d/b/a at TVMedia, Inc.), a marketer of interactive television advertising.

Mr. Henry Nasella became one of our directors in February 2003. He has been a venture partner of Apax Partners, an international private equity investment group, since he joined Apax in 2001. From 1999 until 2001, Mr. Nasella was Chairman of Online Retail Partners Inc., a private venture capital and information technology services company. From 1994 to 1999, he was Chairman and Chief Executive Officer of Star Markets Co., Inc., a privately held food retailer.

Mr. Christian Näther became one of our directors in February 2003. From 1993 to 2001, he was a partner of McKinsey & Company, a management consulting firm, with a focus in the consumer goods and retail sector. Mr. Näther has been a partner of Apax Partners, an international private equity investment group, since he joined Apax in 2001.

Mr. Peter J. Solomon has served as one of our directors since 1987 and is also a director of BKF Capital Group, Inc., Monro Muffler Brake, Inc. and Office Depot, Inc. He is currently, and has been for more than the past five years, the Chairman of Peter J. Solomon L.P., an investment banking firm.

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

The Apax affiliates purchased our Series B convertible preferred stock for $250.0 million in February 2003, the proceeds of which we used to pay a portion of the purchase price for Calvin Klein. Pursuant to the certificate of designations, preferences and rights for the Series B convertible preferred stock, the holders of such stock have the right to elect separately as a class up to three directors to our board of directors and one of those directors to our audit committee, compensation committee, executive committee and nominating committee, subject to applicable law. David A. Landau, Henry Nasella and Christian Näther were elected by the Apax affiliates as their designees on our board of directors. Mr. Landau was designated to serve on the compensation, executive and nominating committees. There is no designee to our audit committee, as our Board has determined that a designee of Apax may not currently serve on such Committee under the new New York Stock Exchange corporate governance standards that came in effect as to us on June 15, 2004.



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PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the persons who are known by us to be the beneficial owners of more than five percent of our common stock as of May 31, 2004. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities as well as the right to acquire securities under options and convertible securities. In computing the number of shares beneficially owned by a person and the percent of ownership of that person, shares subject to options and convertible securities held by that person that are presently exercisable or convertible or will become exercisable or convertible within 60 days are deemed outstanding. These shares are not deemed outstanding for computing the percentage of any other person. Unless otherwise indicated in the footnotes to the following tables, the persons named in the tables have sole voting and investment power with respect to all of our stock shown as beneficially owned by them. As of May 31, 2004, we had outstanding 30,786,723 shares of common stock.

| Name and Address Of Beneficial Owner | Amount Beneficially Owned | Percent of Class |
|---|---|---|
| Apax affiliates(1) | 18,910,436 | 38.1% |
| Vaneton International, Inc.(2)<br>P.O. Box 3340<br>Road Town<br>Tortola, British Virgin Islands | 4,481,101 | 14.6% |
| Earnest Partners, LLC(3)<br>75 Fourteenth Street, Suite 2300<br>Atlanta, Georgia 30309 | 3,087,691 | 10.0% |
| AXA(4) | 1,929,246 | 6.3% |
| Dimensional Fund Advisors Inc.(5)<br>1299 Ocean Avenue, 11th Floor<br>Santa Monica, California 90401 | 1,732,400 | 5.6% |

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(1) Apax Managers, Inc., 445 Park Avenue, New York, New York 10022, Apax Partners Europe Managers Limited, 15 Portland Place, London, England W1B 1PT and Apax Europe V GP Co. Limited, 13-15 Victoria Road, St. Peter Port, Guernsey, Channel Islands, may be deemed to beneficially own an aggregate of 18,910,436 shares of our common stock representing 38.1% of our outstanding common stock. The Apax shares consist solely of the shares of our common stock issuable upon the conversion of shares of our Series B convertible preferred stock. Of the Apax shares, Apax Partners Europe Managers Limited and its affiliate Apax Europe V GP Co. Limited, may be deemed to beneficially own an aggregate of 14,624,071 shares of our common stock, issuable upon conversion of 7,733.3 shares of Series B convertible preferred stock acquired by certain private equity funds. Apax Partners Europe Managers Limited is the discretionary investment manager and Apax Europe V GP Co. Limited is the general partner of the general partner of those funds. Apax Partners Europe Managers Limited and Apax Europe V GP Co. Limited have shared voting and dispositive power over such shares. Of the Apax shares, Apax Managers, Inc. may be deemed to beneficially own an aggregate of 4,286,365 shares of our common stock, issuable upon conversion of 2,266.7 shares of Series B convertible preferred stock acquired by certain private equity funds. Apax Managers, Inc. is the general partner of the general partner of those funds. Information as to the beneficial ownership of Apax Partners Europe Managers Limited, Apax Europe V GP Co. Limited and Apax Managers, Inc. (other than the amount of shares of common stock beneficially owned and percentage ownership) is as of May 31, 2004, based upon a Schedule 13D dated February 12, 2003 and filed with the SEC and our records.

(2) Dr. Richard Lee, 6/F TAL Building, 49 Austin Road, Kowloon, Hong Kong, may be deemed to beneficially own the 4,481,101 shares of our common stock owned of record by Vaneton



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International, Inc. Dr. Lee and Vaneton International have shared voting and dispositive power over such shares. Information as to the beneficial ownership of Vaneton International and Dr. Lee (other than percentage ownership) is as of December 31, 2002, based upon a Schedule 13G dated February 28, 2003 and filed with the SEC.

(3) Earnest Partners, LLC, a registered investment adviser, may be deemed to be the beneficial owner of 3,087,691 shares of our common stock, including 2,223,450 shares with respect to which it has sole

voting power, 545,405 shares with respect to which it has shared voting power and as to all 3,087,691 of which it has sole dispositive power. Information as to the shares of our common stock that may be deemed to be owned beneficially by Earnest Partners, LLC is as of April 30, 2004, as set forth in a Schedule 13G dated May 10, 2004 and filed with the SEC.

(4)AXA Assurances I.A.R.D. Mutuelle and AXA Assurances Vie Mutuelle, both of 370 Rue Saint Honore, 75001 Paris, France, together with AXA Courtage Assurance Mutuelle, 26 Rue Louis le Grand, 75002 Paris, France (collectively, Mutuelles AXA), control AXA, 25 Avenue Mignon, 75008 Paris, France. AXA owns AXA Rosenberg Investment Management, LLC (AXA Rosenberg) and AXA Financial, Inc. (AXA Financial), 1290 Avenue of the Americas, New York, New York 10104. AXA Financial owns Alliance Capital Management L.P. (Alliance Capital), a registered investment adviser. AXA Rosenberg may be deemed to have sole voting power over 795,600 shares of our common stock and shared dispositive power over 934,900 shares of our common stock. Alliance Capital may be deemed to have sole voting power over 908,014 shares of our common stock, shared voting power over 8,900 shares of our common stock and sole dispositive power over 994,346 shares of our common stock. As the parent holding company of Alliance Capital, AXA Financial may be deemed to own the 994,346 shares of our common stock owned beneficially by Alliance Capital. AXA, as parent holding company of AXA Financial and AXA Rosenberg, and Mutuelles AXA, as a group, acting as a parent holding company of AXA, may be deemed to own the 994,346 shares of our common stock owned beneficially by Alliance Capital and the 934,900 shares owned beneficially by AXA Rosenberg. Information as to the shares of our common stock that may be deemed to be owned beneficially by each of Mutuelles AXA, AXA and AXA Financial is as of December 31, 2003, as set forth in a Schedule 13G dated February 13, 2004 and filed with the SEC.

(5)Dimensional Fund Advisors Inc., a registered investment adviser, furnishes investment advice to four registered investment companies and serves as investment manager to certain other commingled group trusts and separate accounts. In its role as investment advisor or manager, Dimensional possesses voting and/or investment power over the common stock owned by such investment companies, commingled group trusts and separate accounts. Dimensional disclaims beneficial ownership of those securities. Information as to the beneficial ownership of Dimensional (other than percentage ownership) is as of December 31, 2003, based upon a Schedule 13G dated February 6, 2004 and filed with the SEC.

The following table sets forth information with respect to the number of shares of our common stock beneficially owned, as of May 31, 2004, by:

- each of our current directors,
- our Chief Executive Officer,
- our four most highly compensated executive officers other than our Chief Executive Officer with respect to fiscal 2003, and
- all of our current directors and executive officers as a group.



| Name | Amount Beneficially Owned(1) | Percent of Class |
|---|---|---|
| Emanuel Chirico(2) | 232,839 | * |
| Edward H. Cohen | 48,896 | * |
| Francis K. Duane | 123,457 | * |
| Joseph B. Fuller | 46,802 | * |

| | | |
|---|---|---|
| Joel H. Goldberg | 48,500 | * |
| Marc Grosman | 29,500 | * |
| Bruce J. Klatsky | 963,915 | 3.0% |
| David A. Landau(3) | — | — |
| Harry N.S. Lee(4) | 36,698 | * |
| Bruce Maggin | 68,393 | * |
| Henry Nasella(3) | — | — |
| Christian Näther(3) | — | — |
| Allen E. Sirkin | 299,459 | * |
| Peter J. Solomon | 54,751 | * |
| Mark Weber | 415,845 | 1.3% |
| All directors and executive officers as a group (16 persons) | 2,471,555 | 7.5% |

*Less than 1% of class.

(1)The figures in the table are based upon information furnished to us by the directors and executive officers. The figures do not include the shares held for the executive officers in the Master Trust for the PVH Stock Fund. The PVH Stock Fund is one of the investment options under our Associates Investment Plans (referred to as AIPs), which are employee benefit plans under Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended. Participants in the AIPs who make investments in the PVH Stock Fund may direct the vote of shares of our common stock held in the Master Trust for the PVH Stock Fund only with respect to tender or exchange offers subject to Section 13(e) or Section 14(d) of the Exchange Act, and matters which, if approved or disapproved, would result in a change in control of our company (as defined in the AIPs). The committee that administers the AIP, which is referred to as the AIP Committee, has the right to vote such shares for all other matters. These participants also have the right, subject to certain limitations, to receive a distribution of shares of our common stock held for their benefit in the Master Trust, but the AIP Committee makes all other decisions regarding the disposition of common stock held in the Master Trust.

(2)Mr. Chirico's figure does not include the 1,143,159 shares (3.7%) of our common stock held in the Master Trust for the PVH Stock Fund as of December 31, 2003 for all participants in the AIPs who invest in the PVH Stock Fund. Mr. Chirico is a member of the AIP Committee, which has the power, under most circumstances, to vote and dispose of the shares held in the Master Trust.

(3)David A. Landau is a partner, Henry Nasella is a venture partner and Christian Näther is a partner of Apax Partners. Apax Managers, Inc., Apax Partners Europe Managers Limited and Apax Europe V GP Co. Limited, affiliates of Apax Partners, together beneficially own shares of our Series B convertible preferred stock that are currently convertible into 18,910,436 shares of our common stock. See Note 1 of the prior table.

(4)Harry N.S. Lee is an indirect minority shareholder of Vaneton International, Inc., which beneficially owns 4,481,101 shares of common stock. See Note 2 to the prior table.

The figures in the foregoing table include 190 shares held by Mr. Klatsky's child, as to which Mr. Klatsky has disclaimed beneficial ownership, 12,000 shares held by Mr. Maggin as custodian for his children, as to which Mr. Maggin has disclaimed beneficial ownership, and 100 shares held by Mr. Sirkin's wife as custodian for one of Mr. Sirkin's children, as to which Mr. Sirkin has disclaimed beneficial ownership.

The foregoing table also includes shares which the following directors and executive officers have the right to acquire within 60 days of May 31, 2004 upon the exercise of options granted under our stock option plans: Emanuel Chirico, 228,639 shares; Edward H. Cohen, 42,896 shares; Francis K. Duane, 123,457 shares; Joseph B. Fuller, 43,673 shares; Joel Goldberg, 28,500 shares; Marc Grosman, 28,500 shares; Bruce J. Klatsky, 905,000 shares; Harry N.S. Lee, 35,698 shares; Bruce Maggin, 39,507 shares; Allen E. Sirkin, 296,152 shares; Peter J. Solomon, 35,698 shares; Mark Weber, 382,137 shares; and all directors and executive officers as a group, including the foregoing, 2,287,357 shares.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our Relationship with Apax

In connection with our acquisition of Calvin Klein, affiliates of Apax Managers, Inc. and Apax Partners Europe Managers Limited invested $250.0 million in our company through the purchase of 10,000 shares of a new series of Series B convertible preferred stock. As of May 31, 2004, these shares were convertible into 38.1% of our common stock. For a description of the Series B convertible preferred stock, see "Description of Certain Other Indebtedness and Preferred Stock — Preferred Stock — Series B Convertible Preferred Stock." Also, in connection with the sale of the Series B convertible preferred stock, we granted the Apax affiliates certain registration and other investor rights. Under certain circumstances the Apax affiliates are entitled to elect up to three directors to our board of directors and, subject to applicable law, to have appointed to each of the audit committee, compensation committee, executive committee and nominating committee of our board one of their directors. David A. Landau, Henry Nasella and Christian Näther have been elected by the Apax affiliates to our board of directors.

Also in connection with our acquisition of Calvin Klein, the Apax affiliates provided us with a term loan. The term loan provided for a $100.0 million initial advance and for up to $25.0 million in a subsequent advance prior to June 30, 2003. The additional $25.0 million of the term loan was drawn down on March 14, 2003. We used a portion of the net proceeds of the offering of 8 1/8% senior notes due 2013 to repay the outstanding balance of $125.0 million of the term loan, plus accrued interest.

Our Relationship with Katten Muchin Zavis Rosenman

For more than the past three fiscal years, our general outside counsel has been the law firm of Katten Muchin Zavis Rosenman (including its predecessor firm, Rosenman & Colin LLP), of which Mr. Cohen, one of our directors, is of counsel. Mr. Cohen does not share in any fees we pay that firm and his compensation is not based on our fees. Mr. Cohen is retired from the full time practice of law. We continue to engage Katten Muchin Zavis Rosenman in fiscal 2004.

Our Relationship with Career Consultants Inc.

We paid a total of $1.3 million to Mr. Goldberg, one of our directors, Career Consultants Inc. and S&K Associates, Inc. for management consulting and recruiting services they provided to us in fiscal 2003. We paid a total of $1.0 million in fiscal 2002 and a total of $755,172 in fiscal 2001 to Mr. Goldberg, Career Consultants and S&K Associates for similar services. Mr. Goldberg is President and a majority shareholder of Career Consultants Inc. and of S&K Associates, Inc. We are continuing to utilize the services of Mr. Goldberg, Career Consultants Inc. and S&K Associates, Inc. in fiscal 2004.

Our Relationship with Tal Apparel Limited

We purchased $13.5 million during fiscal 2003, $14.4 million in fiscal 2002 and $2.7 million in fiscal 2001 of products and services from TAL Apparel Limited and certain related companies. Mr. Lee, one of our directors, is a director of TAL Apparel Limited. We are continuing to purchase goods from these companies during fiscal 2004.

Our Relationship with Peter J. Solomon L.P.

Peter J. Solomon Company Limited, a predecessor firm of Peter J. Solomon L.P., provided services to us during fiscal 2001 in connection with certain strategic issues. We did not engage the services of Peter J. Solomon L.P. in fiscal 2002 or 2003. Mr. Solomon, one of our directors, is Chairman of Peter J. Solomon L.P.



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DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS AND PREFERRED STOCK

Senior Secured Revolving Credit Facility

In October 2002 we, together with certain of our subsidiaries, as co-borrowers, entered into a new senior secured revolving credit facility with a syndicate of lending institutions led by JPMorgan Chase Bank. The revolving credit facility consists of a $325.0 million five-year revolving credit facility, including up to $20.0 million available for standby letters of credit and with no sub-limit on trade letters of credit. Advances under the revolving credit facility are also limited to a borrowing base consisting of specified percentages of eligible categories of assets.

There were no outstanding borrowings as of February 1, 2004. If borrowed, we have the option to pay interest on the revolving credit facility at the prime interest rate in effect from time to time, plus an applicable margin ranging from 0% to 0.50% or LIBOR plus an applicable margin ranging from 1.75% to 2.50%, in either case depending upon our interest coverage ratio and the type of loan.

The advances under the revolving credit facility may be prepaid, in whole or in part at any time without penalty or premium (other than a termination fee and LIBOR breakage costs). Subject to certain exceptions, the revolving credit facility requires mandatory prepayments with the proceeds of asset sales or other dispositions and the issuance of new equity and debt securities. All obligations under the revolving credit facility are secured by liens on substantially all of our assets and our domestic subsidiaries' assets, including the working capital assets of our domestic Calvin Klein subsidiaries, and a pledge of all of the equity interests in our Calvin Klein subsidiaries. In addition, our revolving credit facility is guaranteed by all of our domestic subsidiaries that are not co-borrowers.

The revolving credit facility contains a number of covenants, including maintenance of a specified financial ratio, under certain circumstances, on a consolidated basis and certain covenants that limit, among other things, our ability to (1) incur debt, (2) incur liens, (3) pay dividends or distributions to our stockholders, (4) prepay, retire, repurchase or redeem indebtedness, (5) repurchase or redeem capital stock, (6) sell assets and (7) merge or consolidate with other companies.

Events of default under the revolving credit facility include, but are not limited to (1) our failure to pay principal or interest when due, (2) our material breach of any representation or warranty, (3) covenant defaults, (4) cross-defaults to other indebtedness in excess of an agreed amount, (5) events of bankruptcy, (6) monetary judgment defaults, (7) customary defaults under the Employee Retirement Income Security Act, (8) a change of control, (9) impairment of loan documentation, security or seniority over subordinated debt and (10) certain tax liens. In addition, if we cease to own 100% of the fully-diluted equity in our co-borrowers, such event could also result in an event of default.

7¾% Debentures

In November 1993, we issued $100.0 million aggregate principal amount of 7¾% debentures due 2023, all of which remain outstanding as of the date of this prospectus. Interest on the debentures is payable semi-annually in arrears on May 15 and November 15 of each year. The debentures are senior to all existing and future subordinated indebtedness and are pari passu with our 8 1/8% senior notes due 2013 and will be pari passu with the notes.

The indenture governing the debentures contains certain covenants which limit our ability to (1) incur liens, (2) enter into sale and lease back transactions, (3) incur subsidiary debt and (4) merge or consolidate with other companies or sell substantially all of our assets.

The debentures are not redeemable at our option prior to maturity. If we pay any dividend on our capital stock or repurchase, redeem or otherwise acquire our capital stock when, in either case, it would cause our consolidated net worth to be less than $175.0 million plus 50% of our cumulative consolidated net income since the issuance of the debentures, then the holders of the debentures, may, at their option, require us to redeem their debentures, in whole or in part, at a redemption price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.



So long as our revolving credit facility is secured by a lien on our and our subsidiaries' assets, the debentures are required to be secured equally and ratably with the revolving credit facility and the credit documents governing the revolving credit facility provide for this equal and ratable security interest for the debentures. The debentures are currently secured by liens on all collateral securing our revolving credit facility, ratably with our revolving credit facility lenders.

Events of default under the indenture governing the debentures include, but are not limited to (1) our failure to pay principal or interest when due, (2) covenant defaults, (3) cross-defaults to other indebtedness in excess of an agreed amount and (4) events of bankruptcy.

8 1/8% Senior Notes

In May 2003, we issued $150.0 million aggregate principal amount of senior unsecured notes due 2013, all of which remain outstanding as of the date of this prospectus. Interest on these notes is payable semi-annually in arrears on May 1 and November 1 in each year. The notes rank equally in right of payment with all of our other existing and future senior unsecured indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness.

The indenture governing the notes contains certain restrictive covenants, including limitation on our ability to (1) incur or guarantee additional indebtedness, (2) pay dividends or make distributions to our stockholders, (3) redeem or repurchase capital stock, (4) make other restricted payments, (5) incur liens, (6) sell assets, (7) enter into sale/leaseback transactions, and (8) merge or consolidate with other companies.

The notes may be redeemed at our option, in whole or in part, at any time after May 1, 2008, at a redemption price equal to 104.063% of the principal amount of the notes in the first year. The redemption price will decline in each year after 2008 and will be 100% of their principal amount, plus accrued interest, after May 1, 2011.

If we undergo a change in control, we will be required to offer to repurchase the notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

Events of default under the indenture governing the notes include, but are not limited to (1) our failure to pay principal or interest when due, (2) covenant defaults, (3) cross-defaults to other indebtedness in excess of an agreed amount, (4) monetary judgment defaults and (5) events of bankruptcy.

Preferred Stock

Under our certificate of incorporation, as amended, our board of directors is authorized, subject to any limitations prescribed by law, without further action by our stockholders, to issue up to 150,000 shares of preferred stock, par value $100 per share, in one or more series or classes and to establish the designations, preferences, qualifications, privileges, limitations, restrictions, option, conversion rights and other special or relative rights of any series of preferred stock issued. To the extent that we redeem or repurchase any shares of our Series B convertible preferred stock, we will not have the ability to issue additional shares of our Series B convertible preferred stock, but we will be able to redesignate and reissue those shares in any series other than as Series B convertible preferred stock.

The issuance of shares of preferred stock could adversely affect the voting power and other rights of holders of our common stock. Because our board of directors, without stockholder action, may fix the terms of the preferred stock, the preferred stock could be issued quickly with terms designed to defeat a proposed takeover of us or to make the removal of our management more difficult. The authority to issue preferred stock or rights to purchase preferred stock could be used to discourage a change in control of us. Our management is not aware of any such threatened transaction to obtain control of us, and our board of directors has no current plans to designate and issue any additional shares of preferred stock.

We have designated shares of Series A convertible preferred stock and Series B convertible preferred stock, the terms of which are described below.



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**Series A Convertible Preferred Stock**

In connection with our rights agreement, dated as of June 10, 1986, as amended, with the Bank of New York, as rights agent, we authorized 125,000 shares of Series A convertible preferred stock and declared a distribution of one right to purchase Series A convertible preferred stock for each outstanding share of our 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 entitles the registered holder to acquire from us one one-hundredth of a share of our Series A convertible preferred stock at an exercise price of $100.

**Series B Convertible Preferred Stock**

On February 12, 2003, in connection with the investment by affiliates of Apax Managers, Inc. and Apax Partners Europe Managers Limited in us, we issued the Apax affiliates 10,000 shares of our Series B convertible preferred stock for an aggregate purchase price of $250.0 million. Lehman Brothers acted as broker-dealer of the transaction and purchased from us and sold to the Apax affiliates the Series B convertible preferred stock.

The holders of the Series B convertible preferred stock are entitled to receive annual dividends of 8% per annum payable in cash. If we elect not to pay a cash dividend for any quarter then, the Series B convertible preferred stock will be treated for purposes of the payment of future dividends and upon conversion, redemption or liquidation as if an in-kind dividend had been paid. As of May 31, 2004, the liquidation preference of our Series B convertible preferred stock was $264.7 million, as we elected not to pay a cash dividend for the quarters ended May 4, 2003, August 3, 2003 and November 2, 2003. The holders of at least a majority of the outstanding Series B convertible preferred stock may elect to deem a sale of our company to be a liquidation.

Our Series B convertible preferred stock is convertible into common stock, at the option of the holder, at an initial conversion rate, equal to the quotient of the liquidation preference of our Series B convertible preferred stock divided by the purchase price of $14 per share, which is subject to adjustments for stock splits, dividends and combinations, reorganizations, mergers, consolidations, reclassifications and the issuance and sale of additional common stock. As of May 31, 2004, the outstanding shares of the Series B convertible preferred stock were convertible into 18,910,436 shares of our common stock. If at any time after February 12, 2007, the market price of our common stock for any 60 consecutive trading days equals or exceeds 225% of the then conversion price of the Series B convertible preferred stock, we may convert all of the Series B convertible preferred stock into that number of fully paid and nonassessable shares of our common stock determined according to a specified formula. Following conversion of shares of the Series B convertible preferred stock, the holders of the shares of our common stock issued upon conversion will be entitled to receive dividends at the same rate as all other holders of our common stock.

On or after November 1, 2013, the holders holding a majority of the Series B convertible preferred stock may require us to redeem the Series B convertible preferred stock at a price equal to 100% of the liquidation preference on the redemption date.

The holders of the Series B convertible preferred stock, voting as a separate series, are entitled to elect directors to our board of directors, as follows:

- as long as at least 65% of our Series B convertible preferred stock is outstanding, the holders are entitled to elect three directors;
- as long as more than 35% of our Series B convertible preferred stock is outstanding, the holders are entitled to elect two directors; and
- as long as more than 10% of our Series B convertible preferred stock is outstanding, the holders are entitled to elect one director.

For all matters put to a stockholder vote, each holder of the Series B convertible preferred stock, voting together with the holders of our common stock, is entitled to the number of votes equal to the number of shares of our common stock into which the shares of our Series B convertible preferred stock could be converted at the record date, or if not established, at the time of such vote.



While shares of the Series B convertible preferred stock are outstanding, we will not, without first obtaining the written consent or affirmative vote of the holders of at least a majority of the outstanding shares of our Series B convertible preferred stock, voting separately as a class:

- change the terms of our Series B convertible preferred stock;
- issue preferred stock or convertible securities which would be senior to or on parity with our Series B convertible preferred stock with respect to dividends or a liquidation;
- increase the number of shares of our Series B convertible preferred stock;
- amend our certificate of incorporation or by-laws in a way that would have an adverse effect on the Series B convertible preferred stock;
- increase the number of our directors above 14;
- increase our debt above previously-agreed levels;
- declare or pay dividends except as previously agreed; or
- agree to take any of the previously described actions.



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EXCHANGE OFFER

Reasons for the Exchange Offer

We entered into a registration rights agreement with the initial purchasers in connection with the issuance of the notes. The registration rights agreement provides that we will take the following actions, at our expense, for the benefit of the holders of the outstanding notes:

- we will file the registration statement, of which this prospectus forms a part, within 120 days of the date we issue the outstanding notes. The exchange notes will have terms substantially identical in all material respects to the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions, certain registration rights and additional interest for failure to observe specified obligations in the registration rights agreement;
- we will cause the registration statement to be declared effective under the Securities Act within 210 days after the date we issue the outstanding notes; and
- we will keep this exchange offer open for at least 30 days, or longer if required by applicable law, after the date on which notice of this exchange offer is mailed to the holders.

The holder of each outstanding note surrendered in this exchange offer will receive an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the later of (1) the last interest payment date on which interest was paid on the outstanding note surrendered or (2) if no interest has been paid on the outstanding note, from February 18, 2004.

If:

(1) because of any change in law or in applicable interpretations by the staff of the SEC, we are not permitted to effect an exchange offer;
(2) this exchange offer is not consummated within 250 days after the date we issued the outstanding notes;
(3) any initial purchaser notifies us after this exchange offer has been completed that its outstanding notes are not eligible to be exchanged for exchange notes; or
(4) certain holders are prohibited by law or SEC policy from participating in this exchange offer or may not resell the exchange notes acquired by them in this exchange offer without delivering a prospectus, other than this prospectus,

then we will file with the SEC, and cause to become effective, a shelf registration statement to cover resales of transfer restricted securities by those holders who satisfy various conditions relating to the provision of information in connection with the shelf registration statement.

If we fail to comply with specified obligations under the registration rights agreement, we will be required to pay additional interest to holders of the notes. Please see "Description of Notes — Registered Exchange Offer; Registration Rights" for details regarding the registration rights agreement and the circumstances under which we will be required to pay additional interest.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where such outstanding 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 the exchange notes. Please read the section captioned "Plan of Distribution" for more details regarding the transfer of exchange notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all outstanding notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date of this exchange offer. We will issue $1,000



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principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding notes accepted in this exchange offer. Any holder may tender some or all of its outstanding notes pursuant to this exchange offer. However, outstanding notes may be tendered only in integral multiples of $1,000.

The form and terms of the exchange notes will be substantially identical in all material respects to the form and terms of the outstanding notes, except that:

(1) the exchange notes will have been registered under the Securities Act and will not bear legends restricting their transfer; and
(2) the holders of the exchange notes will not be entitled to certain rights under the registration rights agreement, including the provisions providing for an increase in the interest rate on the outstanding notes in certain circumstances relating to the timing of this exchange offer, all of which rights will terminate when this exchange offer is terminated.

The exchange notes will evidence the same debt as the outstanding notes. The exchange notes will be issued and entitled to the benefits of the same indenture that authorized the issuance of the outstanding notes. Consequently, both series will be treated as a single class of debt securities under that indenture. For a description of the indenture, see "Description of the Notes."

This exchange offer is not conditioned on any minimum aggregate principal amount of outstanding notes being tendered for exchange.

As of the date of this prospectus, $150.0 million aggregate principal amount of the outstanding notes were outstanding. Solely for reasons of administration, we have fixed the close of business on , 2004 as the record date for this exchange offer for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially. There will be no fixed record date for determining holders of the outstanding notes entitled to participate in this exchange offer.

Holders of the outstanding notes do not have appraisal or dissenters' rights under the General Corporation Law of the State of Delaware or the indenture in connection with this exchange offer. We intend to conduct this exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC. Outstanding notes that are not tendered for exchange in this exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the indenture relating to the outstanding notes and the registration rights agreement.

We will be deemed to have accepted for exchange validly tendered outstanding notes when we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving, and delivering to the tendering holders, the exchange notes.

If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of specified other events set forth in this prospectus or otherwise, the certificates for such unaccepted outstanding notes will be returned, without expense, to the tendering holder as promptly as practicable after the expiration date of this exchange offer.

Holders who tender outstanding notes in this exchange offer will 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 outstanding notes pursuant to this exchange offer. We will pay all charges and expenses, other than transfer taxes in certain circumstances, in connection with this exchange offer. See "— Fees and Expenses" and "— Transfer Taxes."

Expiration Date; Extensions; Amendments

This exchange offer expires at 5:00 p.m., New York City time, on August 12, 2004, unless we, in our sole discretion, extend this exchange offer, in which case the term "expiration date" will mean the latest date and time to which this exchange offer is extended.



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In order to extend this exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of outstanding notes by public announcement of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any outstanding notes;
- to extend this exchange offer or to terminate this exchange offer and to refuse to accept outstanding notes not previously accepted if any of the conditions set forth below under "— Conditions" have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; or
- subject to the terms of the registration rights agreement, to amend the terms of this exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of outstanding notes. If we amend this exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of outstanding notes of such amendment.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of this exchange offer, we will have no obligation to publish, advertise, or otherwise communicate any public announcement, other than by making a timely release to a financial news service.

Conditions

Notwithstanding any other term of this exchange offer, we will not be required to accept for exchange, or exchange notes for, any outstanding notes, and may terminate or amend this exchange offer as provided in this prospectus before the acceptance of the outstanding notes, if in our reasonable judgment:

- the exchange notes to be received will not be tradeable by the holder without restriction under the Securities Act, the Exchange Act, and without material restriction under the blue sky or securities laws of substantially all of the states of the United States; or
- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to this exchange offer which, in our sole judgment, might materially impair our ability to proceed with this exchange offer or any material adverse development has occurred in any such existing action or proceeding with respect to us or any of our subsidiaries; or
- any law, statute, rule, regulation or interpretation by the staff of the SEC is proposed, adopted or enacted, which, in our sole judgment, might materially impair our ability to proceed with this exchange offer or materially impair the contemplated benefits of this exchange offer to us; or
- any governmental approval has not been obtained, which approval we, in our sole discretion, deem necessary for the consummation of this exchange offer as contemplated by this prospectus.

In addition, we will not be obligated to accept for exchange the outstanding notes of any holder that has not made to us:

- the representations described under "— Procedures for Tendering" and "Plan of Distribution"; and
- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to an appropriate form for registration of the exchange notes under the Securities Act.



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We expressly reserve the right, at any time or at various times, to extend the period of time during which this exchange offer is open. Consequently, we may delay acceptance of any outstanding notes by giving oral or written notice of such extension to the holders. During any such extensions, all outstanding notes previously tendered will remain subject to this exchange offer, and we may accept them for exchange. We will return any outstanding notes that we do not accept for exchange for any reason without expense to the tendering holder as promptly as practicable after the expiration or termination of this exchange offer.

We expressly reserve the right to amend or terminate this exchange offer, and to reject for exchange any outstanding notes not previously accepted for exchange, upon the occurrence of any of the conditions of this exchange offer specified above. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the outstanding notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit and we may assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any or at various times in our sole discretion. If we fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any outstanding notes tendered, and will not issue exchange notes in exchange for any such outstanding notes, if at such time any stop order will be threatened or in effect with respect to the registration statement of which this prospectus forms a part or the qualification of the indenture under the Trust Indenture Act of 1939.

If we determine in our sole discretion that any of the conditions are not satisfied, we may (l) refuse to accept any outstanding notes and return all tendered outstanding notes to the tendering holders, (2) to the extent permitted by applicable law, extend this exchange offer and retain all outstanding notes tendered prior to the expiration date, subject, however, to the rights of holders to withdraw the outstanding notes (see "— Withdrawal of Tenders") or (3) waive the unsatisfied conditions with respect to this exchange offer and accept all properly tendered outstanding notes which have not been withdrawn.

Procedures for Tendering

The outstanding notes were issued as global securities held by direct or indirect participants in DTC. To tender in this exchange offer, a holder must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and deliver the letter of transmittal or facsimile to the exchange agent before 5:00 p.m., New York City time, on the expiration date; or
- in lieu of delivering a letter of transmittal, instruct DTC to transmit on behalf of the holder a computer-generated message to the exchange agent in which the holder of the outstanding notes acknowledges and agrees to be bound by the terms of the letter of transmittal, which computer-generated message must be received by the exchange agent before 5:00 p.m., New York City time, on the expiration date.

In addition, either:

- the exchange agent must receive the outstanding notes along with the letter of transmittal; or
- the exchange agent must receive, before 5:00 p.m., New York City time, on the expiration date, timely confirmation of book-entry transfer of the outstanding notes into the exchange agent's account at DTC, according to the procedure for book-entry transfer described below; or
- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under the caption "— Exchange Agent" on or before the expiration date. To receive confirmation of valid tender of outstanding notes, a holder should contact the exchange agent at the telephone number listed under the caption "— Exchange Agent."

The tender by a holder that is not withdrawn before the expiration date will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. If a holder completing a letter of transmittal tenders less than all of its outstanding notes, the tendering holder should fill in the applicable box of the letter of transmittal. The amount of outstanding notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

The method of delivery of outstanding notes, the letter of transmittal and all other required documents to the exchange agent is at the holder's election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before expiration of this exchange offer. Holders should not send the letter of transmittal or outstanding notes to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner's behalf. If the beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its outstanding notes, either:

- make appropriate arrangements to register ownership of the outstanding notes in the owner's name; or
- obtain a properly completed bond power from the registered holder of outstanding notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

If the applicable letter of transmittal is signed by the registered holder(s) of the outstanding notes tendered, the signature must correspond with the name(s) written on the face of the outstanding notes without alteration, enlargement or any change whatsoever. If the applicable letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the outstanding notes.

A signature on a letter of transmittal or a notice of withdrawal must be guaranteed by an "eligible institution." Eligible institutions include banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations. The signature need not be guaranteed by an eligible institution if the outstanding notes are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes, the outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a



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fiduciary or representative capacity, these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered outstanding notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding notes not properly tendered or any outstanding notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of this exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding notes, neither we, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of outstanding notes will not be deemed made until those defects or irregularities have been cured or waived. Any outstanding 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 to the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In all cases, we will issue exchange notes for outstanding notes that we have accepted for exchange under this exchange offer only after the exchange agent timely receives:

- outstanding notes or a timely book-entry confirmation that outstanding notes have been transferred in the exchange agent's account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

Holders should receive copies of the applicable letter of transmittal with the prospectus. A holder may obtain additional copies of the applicable letter of transmittal for the outstanding notes from the exchange agent at its offices listed under the caption "— Exchange Agent." By signing the letter of transmittal, or causing DTC to transmit an agent's message to the exchange agent, each tendering holder of outstanding notes will represent to us that, among other things:

- any exchange notes that the holder receives will be acquired in the ordinary course of its business;
- the holder has no arrangement or understanding with any person or entity to participate in the distribution of the exchange notes;
- if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes;
- if the holder is a broker-dealer, that it will receive exchange notes for its own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities and that it will deliver a prospectus, as required by law, in connection with any resale of those exchange notes (see the caption "Plan of Distribution"); and

- the holder is not an "affiliate," as defined in Rule 405 of the Securities Act, of us or, if the holder is an affiliate, it will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

Book-Entry Transfer

The exchange agent will establish an account with respect to the outstanding notes at DTC for purposes of this exchange offer promptly after the date of this prospectus.

With respect to the outstanding notes, any participant in DTC may make book-entry delivery of outstanding notes by causing DTC to transfer the outstanding notes into the exchange agent's account in accordance with DTC's ATOP procedures for transfer.



However, the exchange for the outstanding notes so tendered will only be made after a book-entry confirmation of such book-entry transfer of the outstanding notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. For this purpose, "agent's message" means a message, transmitted by DTC and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgment from a participant tendering outstanding notes that are the subject of the book-entry confirmation that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce that agreement against the participant.

Guaranteed Delivery Procedures

Holders wishing to tender their outstanding notes but whose outstanding notes are not immediately available or who cannot deliver their outstanding notes, the letter of transmittal or any other required documents to the exchange agent or cannot comply with the applicable procedures described above before 5:00 p.m., New York City time, on the expiration date may tender if:

- the tender is made through an eligible institution;
- before 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from the eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery, or a properly transmitted agent's message and notice of guaranteed delivery:
  - setting forth the name and address of the holder and the registered number(s) and the principal amount of outstanding notes tendered;
  - stating that the tender is being made by guaranteed delivery;
  - guaranteeing that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal, or facsimile thereof, together with the outstanding notes or a book-entry transfer confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and
  - the exchange agent receives the properly completed and executed letter of transmittal, or facsimile thereof, as well as all tendered outstanding notes in proper form for transfer or a book-entry transfer confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon written request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their outstanding notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of outstanding notes may withdraw their tenders at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the exchange agent must receive a computer-generated notice of withdrawal transmitted by DTC on behalf of the holder in accordance with the standard operating procedures of DTC or a written notice of withdrawal, which may be by telegram, telex, facsimile transmission or letter, at one of the addresses set forth below under the caption "— Exchange Agent."

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn, including the principal amount of the outstanding notes to be withdrawn; and



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- where certificates for outstanding notes have been transmitted, specify the name in which the outstanding notes were registered, if different from that of the withdrawing holder.

If certificates for outstanding notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of those certificates, the withdrawing holder must also submit:

- the serial numbers of the particular certificates to be withdrawn; and
- a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless the withdrawing holder is an eligible institution.

If outstanding notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC, to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of the facility.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal, and our determination shall be final and binding on all parties. We will deem any outstanding notes so withdrawn not to have been validly tendered for exchange for purposes of this exchange offer. We will return any outstanding notes that have been tendered for exchange but that are not exchanged for any reason to their holder without cost to the holder. In the case of outstanding notes tendered by book-entry transfer into the exchange agent's account at DTC, according to the procedures described above, those outstanding notes will be credited to an account maintained with DTC, for outstanding notes, as soon as practicable after withdrawal, rejection of tender or termination of this exchange offer. You may retender properly withdrawn outstanding notes by following one of the procedures described under the caption "— Procedures for Tendering" above at any time on or before the expiration date.

A holder may obtain a form of the notice of withdrawal from the exchange agent at its offices listed under the caption "— Exchange Agent."

Exchange Agent

SunTrust Bank, has been appointed as exchange agent for this exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for Notice of Guaranteed Delivery should be directed in writing to the exchange agent addressed as follows:

| By Registered or Certified Mail: | By Hand or Overnight Delivery: |
|---|---|
| SunTrust Bank | SunTrust Bank |
| 25 Park Place, 24th Floor | c/o ComputerShare Trust Company of New York |
| Atlanta, Georgia 30303 | 88 Pine Street, 19th Floor |
| Attention: Jack Ellerin | New York, New York 10005 |

By Facsimile:
(404) 588-7335

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SHOWN ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of outstanding notes under this exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing outstanding 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 outstanding notes tendered;

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- exchange notes are to be delivered to, or issued in the name of, any person other than the registered holder of the outstanding notes;
- tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of outstanding notes under this exchange offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the letter of transmittal, the amount of any transfer taxes will be billed to the tendering holder.

Fees and Expenses

We will bear the expense of soliciting tenders. The principal solicitation is being made by mail; however, additional solicitation may be made by telegraph, telecopy, telephone or in person by our and our affiliates' officers and employees.

We have not retained any dealer-manager in connection with this exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of this exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses incurred in connection with these services, including the reasonable fees and expenses of its counsel.

We will pay the cash expenses to be incurred in connection with this exchange offer. Such expenses include fees and expenses of the exchange agent and trustee, accounting and legal fees and printing costs, among others.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the outstanding notes, which is face value, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes as a result of this exchange offer. Expenses incurred in connection with this exchange offer will be deferred and charged to expense over the term of the exchange notes.

Consequences of Failure to Exchange

Participation in this exchange offer is voluntary. Holders of the outstanding notes are urged to consult their financial and tax advisors in making their own decisions on what action to take.

Holders of outstanding notes who do not exchange their outstanding notes for exchange notes under this exchange offer will remain subject to the restrictions on transfer of such outstanding notes:

- as set forth in the legend printed on the notes as a consequence of the issuance of the outstanding notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws; and
- otherwise set forth in the offering circular distributed in connection with the private offering of the outstanding notes.

In general, you may not offer or sell the outstanding notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. Based on interpretations of the SEC staff, exchange notes issued pursuant to this exchange offer may be offered for resale, resold or otherwise transferred by their holders, other than any such holder that is our "affiliate" 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 the holders acquired the exchange notes in the ordinary course of the holders' business and the holders have no arrangement or understanding with respect to the distribution of the exchange notes to be acquired in this exchange offer. Any holder who tenders in this exchange offer for the purpose of participating in a distribution of the exchange notes:



- could not rely on the applicable interpretations of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Upon completion of this exchange offer, holders of the notes will not be entitled to any further registration rights agreements, except under limited circumstances.

Resale of the Exchange Notes

Based on interpretations of the SEC staff set forth in no action letters issued to unrelated third parties, we believe that the exchange notes issued under this exchange offer in exchange for outstanding notes may be offered for resale, resold and otherwise transferred by any exchange note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

- such holder is not an "affiliate" of ours within the meaning of Rule 405 under the Securities Act;
- such exchange notes are acquired in the ordinary course of the holder's business; and
- the holder does not intend to participate in the distribution of such exchange notes.

Any holder who tenders in this exchange offer with the intention of participating in any manner in a distribution of the exchange notes:

- cannot rely on the position of the staff of the SEC enunciated in "Exxon Capital Holdings Corporation" (available May 13, 1989), "Morgan Stanley & Co. Incorporated" (available June 5, 1991), "Shearman & Sterling" (available July 2, 1993) or similar interpretive letters; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

This prospectus may be used for an offer to resell, resale or other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the outstanding notes as a result of market-making activities or other trading activities may participate in this exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes pursuant to this exchange offer, where such outstanding 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 the exchange notes. Please read the section captioned "Plan of Distribution" for more details regarding the transfer of exchange notes.



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DESCRIPTION OF THE NOTES

Phillips Van-Heusen issued the outstanding notes, and the exchange notes will be issued by Phillips-Van Heusen, under an indenture dated February 18, 2004 between itself and SunTrust Bank, as trustee. The outstanding notes and the exchange notes are collectively treated as a single class for all purposes under the indenture, including the calculation of percentages and the determination of rights respecting waivers, amendments, voting, redemptions, offers to purchase and ranking as to payment. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act.

Certain terms used in this "Description of the Notes" are defined under the subheading "— Certain Definitions." In this description, "Phillips-Van Heusen" refers only to Phillips-Van Heusen Corporation and not to any of its subsidiaries.

The following description is only a summary of the material provisions of the indenture and the Registration Rights Agreement. We urge you to read the indenture and the Registration Rights Agreement because they, not this description, define your rights as holders of the notes. A copy of each of the indenture and the Registration Rights Agreement has been filed as an exhibit to the registration statement of which this prospectus is a part.

Brief Description of the Notes

The notes are:

- unsecured senior obligations of Phillips-Van Heusen; and
- senior in right of payment to any future Subordinated Obligations of Phillips-Van Heusen.

The exchange notes are substantially identical in all material respects to the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions, certain registration rights and additional interest for failure to observe specified obligations in the Registration Rights Agreement.

Principal, Maturity and Interest

Phillips-Van Heusen issued the outstanding notes initially in an aggregate principal amount of $150.0 million. The notes mature on February 15, 2011. Subject to Phillips-Van Heusen's compliance with the covenant described under "— Certain Covenants — Limitation on Indebtedness," Phillips-Van Heusen is permitted to issue additional notes under the indenture in an unlimited aggregate principal amount. The notes and any additional notes issued under the indenture will be treated as a single class for all purposes of the indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the indenture and this "Description of the Notes," references to the notes include any additional notes actually issued.

Interest on exchange notes will accrue from the last interest payment date on which interest was paid on the outstanding notes surrendered for them, or, if no interest has been paid on such outstanding notes, from February 18, 2004. Phillips-Van Heusen will not pay interest on the outstanding notes accepted for exchange. Interest on the notes accrues at the rate of 7¼% per annum and is payable semiannually in arrears on February 15 and August 15, commencing on August 15, 2004. Phillips-Van Heusen makes each interest payment to the registered holders of the notes on the immediately preceding February 1 and August 1.

Interest on the notes accrues from the date of original issuance. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

Except as set forth below, Phillips-Van Heusen is not entitled to redeem the notes at its option prior to February 15, 2008.

On and after February 15, 2008, Phillips-Van Heusen will be entitled at its option to redeem all or a portion of the notes upon not less than 30 nor more than 60 days' notice, at the redemption



prices (expressed in percentages of principal amount on the redemption date), plus accrued interest to the redemption date (subject to the right of registered holders of the notes on the related record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on February 15 of the years set forth below:

| Period | Price |
|---|---|
| 2008 | 103.625% |
| 2009 | 101.813% |

| | |
|---|---|
| 2010 and thereafter | 100.000% |

Prior to February 15, 2007, Phillips-Van Heusen may at its option on one or more occasions redeem notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the notes originally issued at a redemption price (expressed as a percentage of principal amount) of 107.25%, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that

(1) at least 65% of such aggregate principal amount of notes remains outstanding immediately after the occurrence of each such redemption (other than notes held, directly or indirectly, by Phillips-Van Heusen or its Affiliates); and
(2) each such redemption occurs within 90 days after the date of the related Equity Offering.

Selection and Notice of Redemption

If Phillips-Van Heusen is redeeming less than all of the notes at any time, the trustee will select notes on a pro rata basis, by lot or by such other method as the trustee in its sole discretion shall deem to be fair and appropriate.

Phillips-Van Heusen will redeem notes of $1,000 in whole and not in part. Phillips-Van Heusen will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount thereof to be redeemed. Phillips-Van Heusen will issue a new note in a principal amount equal to the unredeemed portion of the original note in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

Phillips-Van Heusen is not required to make any mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, Phillips-Van Heusen may be required to offer to purchase notes as described under the captions "— Change of Control" and "— Certain Covenants — Limitation on Sales of Assets and Subsidiary Stock." Phillips-Van Heusen may at any time and from time to time purchase notes in the open market or otherwise.

Ranking

Senior Indebtedness Versus Notes

The indebtedness evidenced by the notes is unsecured and ranks pari passu in right of payment to the Senior Indebtedness of Phillips-Van Heusen. As of May 2, 2004, Phillips-Van Heusen's Senior Indebtedness was approximately $399.5 million, including $99.5 million of secured debt but excluding $147.0 million of outstanding letters of credit and guarantees.

Secured Indebtedness and Subsidiary Liabilities Versus Notes

The notes are unsecured obligations of Phillips-Van Heusen. Secured debt and other secured obligations of Phillips-Van Heusen (including obligations with respect to the Credit Agreement, $100.0

million aggregate principal amount of 7¾% Debentures due 2023 and Phillips-Van Heusen's obligation to make contingent purchase price payments to Mr. Calvin Klein) are effectively senior to the notes to the extent of the value of the assets securing such debt or other obligations. See "Business — Our Relationship with Mr. Klein" and "Description of Certain Other Indebtedness and Preferred Stock" for a description of these obligations.

A portion of Phillips-Van Heusen's operations is conducted through its subsidiaries. Claims of creditors of the subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries, have priority with respect to the assets and earnings of such subsidiaries over the claims of creditors of Phillips-Van Heusen, including holders of the notes. The notes are effectively subordinated to creditors (including trade creditors) of Phillips-Van Heusen's subsidiaries. As of May 2, 2004, the total liabilities of Phillips-Van Heusen's subsidiaries were approximately $179.8 million, of which approximately $147.0 million consists of indebtedness or guarantees under the Credit Agreement. In addition, the Calvin Klein subsidiaries have guaranteed Phillips-Van Heusen's obligation to make contingent purchase price payments to Mr. Calvin Klein, which obligation is secured by a subordinated pledge of all of the equity interests in the Calvin Klein subsidiaries and a subordinated lien on substantially all of Phillips-Van Heusen's domestic Calvin Klein subsidiaries' assets.

Registered Exchange Offer; Registration Rights

Phillips-Van Heusen agreed pursuant to the Registration Rights Agreement that it will, subject to certain exceptions,

(1) within 120 days after the Issue Date, file a registration statement (the "Exchange Offer Registration Statement") with the SEC with respect to a registered offer (the "Registered Exchange Offer") to exchange the outstanding notes for new notes of Phillips-Van Heusen, which we refer to as the exchange notes, having terms substantially identical in all material respects to the outstanding notes (except that the exchange notes will not contain terms with respect to transfer restrictions);
(2) use its reasonable best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act within 210 days after the Issue Date;
(3) as soon as practicable after the effectiveness of the Exchange Offer Registration Statement (the "Effectiveness Date"), offer the exchange notes in exchange for the surrender of the outstanding notes; and
(4) keep the Registered Exchange Offer open for not less than 30 days (or longer if required by applicable law) after the date notice of the Registered Exchange Offer is mailed to the holders of the outstanding notes.

This prospectus is part of the Exchange Offer Registration Statement filed in compliance with these provisions.

For each note tendered to Phillips-Van Heusen pursuant to the Registered Exchange Offer, Phillips-Van Heusen will issue to the holder of such note an exchange note having a principal amount equal to that of the surrendered note.

Under existing SEC interpretations, the exchange notes will be freely transferable by registered holders other than Phillips-Van Heusen's affiliates after the Registered Exchange Offer without further registration under the Securities Act if such holders of the exchange notes represent to Phillips-Van Heusen in the Registered Exchange Offer that they are acquiring the exchange notes in the ordinary course of its business, that they have no arrangement or understanding with any person to participate in the distribution of the exchange notes and that they are not affiliates of Phillips-Van Heusen, as such terms are interpreted by the SEC; provided, however, that broker-dealers ("Participating Broker-Dealers") receiving exchange notes in the Registered Exchange Offer will have a prospectus delivery requirement with respect to resales of such exchange notes. The SEC has taken the position that Participating

Broker-Dealers may fulfill their prospectus delivery requirements with respect to



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exchange notes (other than a resale of an unsold allotment from the original sale of the outstanding notes) with the prospectus contained in the Exchange Offer Registration Statement.

Under the Registration Rights Agreement, Phillips-Van Heusen is required to allow Participating Broker-Dealers and other persons, if any, with similar prospectus delivery requirements to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of such exchange notes for 180 days following the effective date of the Exchange Offer Registration Statement (or such shorter period during which Participating Broker-Dealers are required by law to deliver such prospectus).

A registered holder of outstanding notes (other than certain specified holders) who wishes to exchange those notes for exchange notes in the Registered Exchange Offer will be required to represent that any exchange notes to be received by it will be acquired in the ordinary course of its business and that at the time of the commencement of the Registered Exchange Offer it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes and that it is not an affiliate of Phillips-Van Heusen, as defined in Rule 405 of the Securities Act, or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

In the event that:

(1) any change in law or applicable interpretations of the staff of the SEC do not permit us to effect such a Registered Exchange Offer; or
(2) for any other reason Phillips-Van Heusen does not consummate the Registered Exchange Offer within 250 days of the Issue Date; or
(3) an initial purchaser of the outstanding notes shall notify us following consummation of the Registered Exchange Offer that outstanding notes held by it are not eligible to be exchanged for exchange notes in the Registered Exchange Offer; or
(4) certain holders are prohibited by law or SEC policy from participating in the Registered Exchange Offer or may not resell the exchange notes acquired by them in the Registered Exchange Offer to the public without delivering a prospectus (other than this prospectus ),

then, Phillips-Van Heusen will, subject to certain exceptions,

(1) promptly file a shelf registration statement (the "Shelf Registration Statement") with the SEC covering resales of the outstanding notes or the exchange notes, as the case may be;
(2) (A) in the case of clause (1) (in (1)- (4) above) above, use its reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act on or prior to the 210th day after the Issue Date and (B) in the case of clause (2), (3) or (4) above, use its reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act on or prior to the 90th day after the date on which the obligation to file a Shelf Registration Statement arises; and
(3) keep the Shelf Registration Statement effective until the earliest of (A) the time when the notes covered by the Shelf Registration Statement can be sold pursuant to Rule 144 without any limitations under clauses (c), (e), (f) and (h) of Rule 144, (B) two years from the Issue Date and

(C) the date on which all notes registered thereunder are disposed of in accordance therewith.

Phillips-Van Heusen will, in the event a Shelf Registration Statement is filed, among other things, provide to each holder for whom such Shelf Registration Statement was filed copies of the prospectus which is a part of the Shelf Registration Statement, notify each such holder when the Shelf Registration Statement has become effective and take certain other actions as are required to permit unrestricted resales of the outstanding notes or the exchange notes, as the case may be. A holder selling such outstanding notes or exchange notes pursuant to the Shelf Registration Statement generally would be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the

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Securities Act in connection with such sales and will be bound by the provisions of the Registration Rights Agreement that are applicable to such holder (including certain indemnification obligations).

Phillips-Van Heusen will pay additional cash interest on the applicable outstanding notes and exchange notes, subject to certain exceptions,

(1) if Phillips-Van Heusen fails to file an Exchange Offer Registration Statement with the SEC on or prior to the 120th day after the Issue Date,
(2) if the Exchange Offer Registration Statement is not declared effective by the SEC on or prior to the 210$^{th}$ day after the Issue Date or, if obligated to file a Shelf Registration Statement pursuant to clause 2(A) above, a Shelf Registration Statement is not declared effective by the SEC on or prior to the 210$^{th}$ day after the Issue Date,
(3) if the Registered Exchange Offer is not consummated on or before the 40$^{th}$ day after the Exchange Offer Registration Statement is declared effective,
(4) if obligated to file the Shelf Registration Statement, Phillips-Van Heusen fails to file the Shelf Registration Statement with the SEC on or prior to the 30$^{th}$ day after the date (the "Shelf Filing Date") on which the obligation to file a Shelf Registration Statement arises,
(5) if obligated to file a Shelf Registration Statement pursuant to clause 2(B) above, the Shelf Registration Statement is not declared effective on or prior to the 90$^{th}$ day after the Shelf Filing Date, or
(6) after the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is declared effective, such Registration Statement thereafter ceases to be effective or usable (subject to certain exceptions) (each such event referred to in the preceding clauses (1) through (6) a "Registration Default");

from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured.

The rate of the additional interest will be 0.25% per annum for the first 90-day period immediately following the occurrence of a Registration Default, and such rate will increase by an additional 0.25% per annum with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum additional interest rate of 1.0% per annum. Phillips-Van Heusen will pay such additional interest on regular interest payment dates. Such additional interest will be in addition to any other interest payable from time to time with respect to the outstanding notes and the exchange notes.

All references in the indenture, in any context, to any interest or other amount payable on or with respect to the outstanding notes and exchange notes shall be deemed to include any additional interest pursuant to the Registration Rights Agreement.

If Phillips-Van Heusen effects the Registered Exchange Offer, it will be entitled to close the Registered Exchange Offer 30 days after the commencement thereof provided that Phillips-Van Heusen has accepted all outstanding notes theretofore validly tendered in accordance with the terms of the Registered Exchange Offer.

Change of Control

Upon the occurrence of any of the following events (each a "Change of Control"), each holder of the notes shall have the right to require that Phillips-Van Heusen repurchase such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of registered holders on the relevant record date to receive interest due on the relevant interest payment date):

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1)



such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of Phillips-Van Heusen; (for the purposes of this clause (1), such person shall be deemed to beneficially own any Voting Stock of a Person (the "specified person") held by any other Person (the "parent entity"), if such person is the beneficial owner (as defined above in this clause (1)), directly or indirectly, of more than 50% of the voting power of the Voting Stock of the parent entity and the Permitted Holders beneficially own (as defined in this proviso), directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of the parent entity);

(2) individuals who on the Issue Date constituted the board of directors of Phillips-Van Heusen (together with any new directors whose election by such board of directors or whose nomination for election by the stockholders of Phillips-Van Heusen was approved by a vote of a majority of the directors of Phillips-Van Heusen then still in office who were either directors on the Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of Phillips-Van Heusen's board of directors then in office;

(3) the adoption of a plan relating to the liquidation or dissolution of Phillips-Van Heusen; or

(4) any merger, consolidation, reorganization, sale or other similar transaction in connection with which any holder of the Series B convertible preferred stock exercises the right to deem such transaction a liquidation event pursuant to the terms of the Series B convertible preferred stock.

Within 30 days following any Change of Control, Phillips-Van Heusen will mail a notice to each holder of the notes with a copy to the trustee (the "Change of Control Offer") stating:

(1) that a Change of Control has occurred and that such holder has the right to require us to purchase such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of registered holders on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control;

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(4) the instructions, as determined by us, consistent with the covenant described hereunder, that a holder must follow in order to have its notes purchased.

Phillips-Van Heusen will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Phillips-Van Heusen and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

Phillips-Van Heusen will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, Phillips-Van Heusen will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the covenant described hereunder by virtue of its compliance with such securities laws or regulations.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of Phillips-Van Heusen and, thus, the removal of incumbent



management. The Change of Control purchase feature is a result of negotiations between Phillips-Van Heusen and the initial purchasers of the notes. Phillips-Van Heusen has no present intention to engage in a transaction involving a Change of Control, although it is possible that it could decide to do so in the future. Subject to the limitations discussed below, Phillips-Van Heusen could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect Phillips-Van Heusen's capital structure or credit ratings. Restrictions on Phillips-Van Heusen's ability to Incur additional Indebtedness are contained in the covenants described under "— Certain Covenants — Limitation on Indebtedness", "— Limitation on Liens" and "— Limitation on Sale/Leaseback Transactions." Such restrictions can only be waived with the consent of the holders of a majority in principal amount of the notes then outstanding. Except for the limitations contained in such covenants, however, the indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of such transactions.

In the event a Change of Control occurs at a time when Phillips-Van Heusen is prohibited from purchasing notes, it may seek the consent of its lenders to the purchase of notes or may attempt to refinance the borrowings that contain such prohibition. If Phillips-Van Heusen does not obtain such a consent or repay such borrowings, it will remain prohibited from purchasing notes. In such case, Phillips-Van Heusen's failure to offer to purchase notes would constitute a Default under the indenture, which would, in turn, constitute a default under the Credit Agreement.

Future indebtedness that Phillips-Van Heusen may incur may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the repurchase of such indebtedness upon a Change of Control. Moreover, the exercise by the holders of their right to require Phillips-Van Heusen to repurchase the notes could cause a default under such indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on Phillips-Van Heusen. Finally, Phillips-Van Heusen's ability to pay cash to the holders of notes following the occurrence of a Change of Control may be limited by its then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of Phillips-Van Heusen to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of Phillips-Van Heusen. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of notes may require Phillips-Van Heusen to make an offer to repurchase the notes as described above.

The provisions under the indenture relative to Phillips-Van Heusen's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or modified with the written consent of the holders of a majority in principal amount of the notes.

Certain Covenants

The indenture contains covenants including, among others, the following:

Limitation on Indebtedness

(a) Phillips-Van Heusen will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that Phillips-Van Heusen and any future Subsidiary Guarantor will be entitled to Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto on a pro forma basis, no Default has occurred and is continuing and the Consolidated Coverage Ratio would be greater than 2.0 to 1.

(b) Notwithstanding the foregoing paragraph (a), Phillips-Van Heusen and the Restricted Subsidiaries will be entitled to Incur any or all of the following Indebtedness:



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(1) Indebtedness Incurred by Phillips-Van Heusen and the Restricted Subsidiaries (including Restricted Subsidiaries that become Subsidiaries after the Issue Date) pursuant to the Credit Agreement; provided, however, that, after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (1) and then outstanding does not exceed the greater of (A) $325.0 million and (B) the Borrowing Base, less in the case of clause (A) the sum of all mandatory principal payments with respect to such Indebtedness pursuant to paragraph (a)(3)(A) of the covenant described under "— Limitation on Sale of Assets and Subsidiary Stock" (which principal payments in the case of revolving loans are accompanied by a corresponding permanent commitment reduction);
(2) Indebtedness owed to and held by Phillips-Van Heusen or a Restricted Subsidiary (other

than a Securitization Subsidiary); provided, however, that any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to Phillips-Van Heusen or a Restricted Subsidiary (other than a Securitization Subsidiary)) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon;

(3) the notes and the exchange notes (other than any additional notes);

(4) the Existing Notes and any other Indebtedness outstanding on the Issue Date after giving effect to the use of the net proceeds of the sale of the outstanding notes (other than Indebtedness described in clause (1), (2), (3) or (10) of this covenant);

(5) Indebtedness of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by Phillips-Van Heusen (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was acquired by Phillips-Van Heusen); provided, however, that at the time of such acquisition and after giving pro forma effect thereto, the aggregate principal amount of all Indebtedness Incurred pursuant to this clause (5) and then outstanding does not exceed $5.0 million (including any Refinancing Indebtedness with respect thereto);

(6) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to paragraph (a) or pursuant to clause (3), (4) or (5) or this clause (6) of paragraph (b); provided, however, that to the extent such Refinancing Indebtedness directly or indirectly Refinances Indebtedness of a Subsidiary Incurred pursuant to clause (5), such Refinancing Indebtedness shall be Incurred only by such Subsidiary;

(7) Hedging Obligations consisting of Interest Rate Agreements, Currency Agreements or Commodity Agreements not entered into for speculative purposes;

(8) obligations in respect of performance, bid and surety bonds and completion guarantees provided by Phillips-Van Heusen or any Restricted Subsidiary in the ordinary course of business;

(9) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within two business days of its Incurrence;

(10) Indebtedness of Phillips-Van Heusen consisting of (A) guarantees of payments of accounts payable of third-party manufacturing facilities up to the amount of the commitment therefor on the Issue Date but in any event not to exceed $4.5 million and (B) obligations of Calvin Klein for the payment of letters of credit issued on its behalf up to the amount of the commitment therefor on the Issue Date but in any event not to exceed $1.5 million;



(11) Purchase Money Indebtedness and Capital Lease Obligations Incurred by Phillips-Van Heusen or a Restricted Subsidiary to acquire property in the ordinary course of business and which do not in the aggregate exceed $10.0 million at any time outstanding;

(12) the Subsidiary Guaranty of a Subsidiary Guarantor;

(13) any Permitted Guarantee by a Restricted Subsidiary described in clause (iii) of the definition of "Permitted Guarantees" or any Indebtedness Incurred by a Restricted

Subsidiary as a co-borrower of Indebtedness of Phillips-Van Heusen described in clause (iii) of the definition of "Permitted Guarantees";

(14) Indebtedness of a Foreign Restricted Subsidiary which at any time outstanding does not exceed the greater of (A) the Foreign Borrowing Base of such Foreign Restricted Subsidiary and (B) an amount which, when taken together with all Indebtedness Incurred by all other Foreign Restricted Subsidiaries and then outstanding, does not exceed $5.0 million in the aggregate;

(15) Indebtedness Incurred by a Securitization Subsidiary in a Qualified Securitization Transaction; and

(16) Indebtedness of Phillips-Van Heusen and any future Subsidiary Guarantors in an aggregate principal amount which, when taken together with all other Indebtedness of Phillips-Van Heusen and its Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by clauses (1) through (15) above or paragraph (a)) does not exceed $30.0 million.

(c) Notwithstanding the foregoing, neither Phillips-Van Heusen nor any Subsidiary Guarantor will Incur any Indebtedness pursuant to the foregoing paragraph (b) if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of Phillips-Van Heusen or any Subsidiary Guarantor unless such Indebtedness shall be subordinated to the notes or the applicable Subsidiary Guaranty to at least the same extent as such Subordinated Obligations.

(d) For purposes of determining compliance with this covenant:

(1) any Indebtedness remaining outstanding under the Credit Agreement after the application of the net proceeds of the sale of the notes will be treated as Incurred on the Issue Date under clause (1) of paragraph (b) above;

(2) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, Phillips-Van Heusen, in its sole discretion, will classify such item of Indebtedness at the time of Incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses; and

(3) Phillips-Van Heusen will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above.

The accrual of interest, the accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; provided, however, that the amount thereof is included in Consolidated Interest Expense of Phillips-Van Heusen and its consolidated Restricted Subsidiaries as accrued.

Limitation on Restricted Payments

(a) Phillips-Van Heusen will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time Phillips-Van Heusen or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) Phillips-Van Heusen is not entitled to Incur an additional $1.00 of Indebtedness pursuant to paragraph (a) of the covenant described under "— Limitation on Indebtedness"; or

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(3)

the aggregate amount of such Restricted Payment and all other Restricted Payments since May 5, 2003 would exceed the sum of (without duplication):

(A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fiscal quarter immediately following the fiscal quarter during which May 5, 2003 occurred to the end of the most recent fiscal quarter for which financial statements are available on or prior to the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); plus

(B) 100% of the aggregate Net Cash Proceeds received by Phillips-Van Heusen from the issuance or sale of its Capital Stock, including Capital Stock issued pursuant to a stock option or similar plan established by Phillips-Van Heusen (other than Disqualified Stock) subsequent to May 5, 2003 (other than an issuance or sale to a Subsidiary of Phillips-Van Heusen and other than an issuance or sale to an employee stock ownership plan or to a trust established by Phillips-Van Heusen or any of its Subsidiaries for the benefit of their employees) and 100% of any cash capital contribution received by Phillips-Van Heusen from its stockholders subsequent to May 5, 2003; plus

(C) the amount by which Indebtedness of Phillips-Van Heusen is reduced on Phillips-Van Heusen's balance sheet upon the conversion or exchange subsequent to May 5, 2003 of any Indebtedness of Phillips-Van Heusen convertible or exchangeable for Capital Stock (other than Disqualified Stock) of Phillips-Van Heusen (less the amount of any cash, or the fair value of any other property, distributed by Phillips-Van Heusen upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by Phillips-Van Heusen or any Restricted Subsidiary from the sale of such Indebtedness (excluding Net Cash Proceeds of sales to a Subsidiary of Phillips-Van Heusen or to an employee stock ownership plan or a trust established by Phillips-Van Heusen or any of its Subsidiaries for the benefit of their employees);