

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 26, 2020

or

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

Commission File Number: 001-13057

Ralph Lauren Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

650 Madison Avenue,

New York, New York

(Address of principal executive offices)

13-2622036

(I.R.S. Employer
Identification No.)

10022

(Zip Code)

(212) 318-7000

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
Class A Common Stock, \$.01 par value	RL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

At October 30, 2020, 48,222,564 shares of the registrant's Class A common stock, \$.01 par value, and 24,881,276 shares of the registrant's Class B common stock, \$.01 par value, were outstanding.

RALPH LAUREN CORPORATION

INDEX

Page

PART I. FINANCIAL INFORMATION (Unaudited)

Item 1.	Financial Statements:	
	Consolidated Balance Sheets	2
	Consolidated Statements of Operations	3
	Consolidated Statements of Comprehensive Income (Loss)	4
	Consolidated Statements of Cash Flows	5
	Consolidated Statements of Equity	6
	Notes to Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	68
Item 4.	Controls and Procedures	68

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	69
Item 1A.	Risk Factors	69
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	69
Item 6.	Exhibits	70
	Signatures	71

RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 26, 2020	March 28, 2020
	(millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,012.0	\$ 1,620.4
Short-term investments	434.1	495.9
Accounts receivable, net of allowances of \$218.2 million and \$276.2 million	354.0	277.1
Inventories	887.0	736.2
Income tax receivable	61.1	84.8
Prepaid expenses and other current assets	158.9	160.8
Total current assets	3,907.1	3,375.2
Property and equipment, net	921.5	979.5
Operating lease right-of-use assets	1,406.3	1,511.6
Deferred tax assets	352.9	245.2
Goodwill	935.0	915.5
Intangible assets, net	131.1	141.0
Other non-current assets	97.7	111.9
Total assets	\$ 7,751.6	\$ 7,279.9
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ —	\$ 475.0
Current portion of long-term debt	—	299.6
Accounts payable	284.5	246.8
Income tax payable	82.4	65.1
Current operating lease liabilities	317.7	288.4
Accrued expenses and other current liabilities	869.1	717.1
Total current liabilities	1,553.7	2,092.0
Long-term debt	1,631.0	396.4
Long-term operating lease liabilities	1,460.0	1,568.3
Income tax payable	118.7	132.7
Non-current liability for unrecognized tax benefits	87.6	88.9
Other non-current liabilities	356.5	308.5
Commitments and contingencies (Note 13)		
Total liabilities	5,207.5	4,586.8
Equity:		
Class A common stock, par value \$.01 per share; 106.0 million and 104.9 million shares issued; 48.2 million and 47.6 million shares outstanding	1.0	1.0
Class B common stock, par value \$.01 per share; 24.9 million shares issued and outstanding	0.3	0.3
Additional paid-in-capital	2,629.0	2,594.4
Retained earnings	5,827.2	5,994.0
Treasury stock, Class A, at cost; 57.8 million and 57.3 million shares	(5,813.9)	(5,778.4)
Accumulated other comprehensive loss	(99.5)	(118.2)
Total equity	2,544.1	2,693.1
Total liabilities and equity	\$ 7,751.6	\$ 7,279.9

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions, except per share data)			
Net revenues	\$ 1,193.5	\$ 1,706.2	\$ 1,681.0	\$ 3,135.0
Cost of goods sold	(394.1)	(657.2)	(532.9)	(1,165.2)
Gross profit	799.4	1,049.0	1,148.1	1,969.8
Selling, general, and administrative expenses	(628.2)	(795.3)	(1,135.8)	(1,542.0)
Impairment of assets	(31.0)	(6.1)	(33.1)	(7.3)
Restructuring and other charges	(160.5)	(14.5)	(167.5)	(44.1)
Total other operating expenses, net	(819.7)	(815.9)	(1,336.4)	(1,593.4)
Operating income (loss)	(20.3)	233.1	(188.3)	376.4
Interest expense	(12.8)	(4.4)	(22.4)	(8.6)
Interest income	2.2	9.6	5.1	21.2
Other income (expense), net	1.8	(1.7)	3.9	(5.8)
Income (loss) before income taxes	(29.1)	236.6	(201.7)	383.2
Income tax benefit (provision)	(10.0)	(54.5)	34.9	(84.0)
Net income (loss)	\$ (39.1)	\$ 182.1	\$ (166.8)	\$ 299.2
Net income (loss) per common share:				
Basic	\$ (0.53)	\$ 2.37	\$ (2.27)	\$ 3.86
Diluted	\$ (0.53)	\$ 2.34	\$ (2.27)	\$ 3.79
Weighted average common shares outstanding:				
Basic	73.5	76.7	73.3	77.4
Diluted	73.5	77.9	73.3	78.9
Dividends declared per share	\$ —	\$ 0.6875	\$ —	\$ 1.375

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Net income (loss)	\$ (39.1)	\$ 182.1	\$ (166.8)	\$ 299.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation gains (losses)	17.3	(19.9)	30.3	(15.9)
Net gains (losses) on cash flow hedges	(7.3)	13.6	(11.3)	3.9
Net gains (losses) on defined benefit plans	(0.2)	0.1	(0.3)	—
Other comprehensive income (loss), net of tax	9.8	(6.2)	18.7	(12.0)
Total comprehensive income (loss)	\$ (29.3)	\$ 175.9	\$ (148.1)	\$ 287.2

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
Cash flows from operating activities:		
Net income (loss)	\$ (166.8)	\$ 299.2
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	125.2	132.8
Deferred income tax benefit	(86.9)	(15.4)
Non-cash stock-based compensation expense	34.6	50.8
Non-cash impairment of assets	33.1	7.3
Bad debt expense (benefit)	(25.4)	1.5
Other non-cash charges (benefits)	(2.1)	1.6
Changes in operating assets and liabilities:		
Accounts receivable	(49.7)	(91.0)
Inventories	(129.3)	(202.3)
Prepaid expenses and other current assets	11.1	(47.1)
Accounts payable and accrued liabilities	221.6	47.3
Income tax receivables and payables	12.8	17.1
Deferred income	(2.0)	0.9
Other balance sheet changes	11.1	1.4
Net cash provided by (used in) operating activities	(12.7)	204.1
Cash flows from investing activities:		
Capital expenditures	(53.9)	(130.6)
Purchases of investments	(407.0)	(571.6)
Proceeds from sales and maturities of investments	471.5	976.1
Acquisitions and ventures	(0.5)	0.9
Proceeds from sale of property	—	20.8
Settlement of net investment hedges	3.7	—
Net cash provided by investing activities	13.8	295.6
Cash flows from financing activities:		
Repayments of borrowings on credit facilities	(475.0)	—
Proceeds from the issuance of long-term debt	1,241.9	—
Repayments of long-term debt	(300.0)	—
Payments of finance lease obligations	(5.7)	(7.7)
Payments of dividends	(49.8)	(101.9)
Repurchases of common stock, including shares surrendered for tax withholdings	(35.5)	(442.7)
Other financing activities	(8.6)	(0.7)
Net cash provided by (used in) financing activities	367.3	(553.0)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	23.6	(9.9)
Net increase (decrease) in cash, cash equivalents, and restricted cash	392.0	(63.2)
Cash, cash equivalents, and restricted cash at beginning of period	1,629.8	626.5
Cash, cash equivalents, and restricted cash at end of period	\$ 2,021.8	\$ 563.3

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

Three Months Ended September 26, 2020

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
	(millions)							
Balance at June 27, 2020	130.9	\$ 1.3	\$ 2,609.5	\$ 5,866.3	57.8	\$ (5,812.3)	\$ (109.3)	\$ 2,555.5
Comprehensive loss:								
Net loss				(39.1)				
Other comprehensive income							9.8	
Total comprehensive loss								(29.3)
Dividends declared				—				—
Repurchases of common stock					—	(1.6)		(1.6)
Stock-based compensation			19.5					19.5
Balance at September 26, 2020	<u>130.9</u>	<u>\$ 1.3</u>	<u>\$ 2,629.0</u>	<u>\$ 5,827.2</u>	<u>57.8</u>	<u>\$ (5,813.9)</u>	<u>\$ (99.5)</u>	<u>\$ 2,544.1</u>

Three Months Ended September 28, 2019

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
	(millions)							
Balance at June 29, 2019	129.6	\$ 1.3	\$ 2,516.8	\$ 5,878.6	52.4	\$ (5,274.7)	\$ (109.2)	\$ 3,012.8
Comprehensive income:								
Net income				182.1				
Other comprehensive loss							(6.2)	
Total comprehensive income								175.9
Dividends declared				(51.3)				(51.3)
Repurchases of common stock					2.7	(251.6)		(251.6)
Stock-based compensation			27.8					27.8
Shares issued pursuant to stock-based compensation plans	0.1	—	—					—
Balance at September 28, 2019	<u>129.7</u>	<u>\$ 1.3</u>	<u>\$ 2,544.6</u>	<u>\$ 6,009.4</u>	<u>55.1</u>	<u>\$ (5,526.3)</u>	<u>\$ (115.4)</u>	<u>\$ 2,913.6</u>

(a) Includes Class A and Class B common stock. During the three months ended September 28, 2019, 0.5 million shares of Class B common stock were converted into an equal number of shares of Class A common stock pursuant to the terms of the Class B common stock (see Note 14).

(b) Accumulated other comprehensive income (loss).

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(Unaudited)

Six Months Ended September 26, 2020

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
	(millions)							
Balance at March 28, 2020	129.8	\$ 1.3	\$ 2,594.4	\$ 5,994.0	57.3	\$ (5,778.4)	\$ (118.2)	\$ 2,693.1
Comprehensive loss:								
Net loss				(166.8)				
Other comprehensive income							18.7	
Total comprehensive loss								(148.1)
Dividends declared				—				—
Repurchases of common stock					0.5	(35.5)		(35.5)
Stock-based compensation			34.6					34.6
Shares issued pursuant to stock-based compensation plans	1.1	—	—					—
Balance at September 26, 2020	<u>130.9</u>	<u>\$ 1.3</u>	<u>\$ 2,629.0</u>	<u>\$ 5,827.2</u>	<u>57.8</u>	<u>\$ (5,813.9)</u>	<u>\$ (99.5)</u>	<u>\$ 2,544.1</u>

Six Months Ended September 28, 2019

	Common Stock ^(a)		Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity
	Shares	Amount			Shares	Amount		
	(millions)							
Balance at March 30, 2019	128.8	\$ 1.3	\$ 2,493.8	\$ 5,979.1	50.7	\$ (5,083.6)	\$ (103.4)	\$ 3,287.2
Comprehensive income:								
Net income				299.2				
Other comprehensive loss							(12.0)	
Total comprehensive income								287.2
Dividends declared				(104.4)				(104.4)
Repurchases of common stock					4.4	(442.7)		(442.7)
Stock-based compensation			50.8					50.8
Shares issued pursuant to stock-based compensation plans	0.9	—	—					—
Cumulative adjustment from adoption of new accounting standards				(164.5)				(164.5)
Balance at September 28, 2019	<u>129.7</u>	<u>\$ 1.3</u>	<u>\$ 2,544.6</u>	<u>\$ 6,009.4</u>	<u>55.1</u>	<u>\$ (5,526.3)</u>	<u>\$ (115.4)</u>	<u>\$ 2,913.6</u>

(a) Includes Class A and Class B common stock. During the six months ended September 28, 2019, 1.0 million shares of Class B common stock were converted into an equal number of shares of Class A common stock pursuant to the terms of the Class B common stock (see Note 14).

(b) Accumulated other comprehensive income (loss).

See accompanying notes.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In millions, except per share data and where otherwise indicated)
(Unaudited)

1. Description of Business

Ralph Lauren Corporation ("RLC") is a global leader in the design, marketing, and distribution of premium lifestyle products, including apparel, footwear, accessories, home furnishings, fragrances, and hospitality. RLC's long-standing reputation and distinctive image have been developed across an expanding number of products, brands, sales channels, and international markets. RLC's brand names include Ralph Lauren, Ralph Lauren Collection, Ralph Lauren Purple Label, Polo Ralph Lauren, Double RL, Lauren Ralph Lauren, Polo Ralph Lauren Children, Chaps, and Club Monaco, among others. RLC and its subsidiaries are collectively referred to herein as the "Company," "we," "us," "our," and "ourselves," unless the context indicates otherwise.

The Company diversifies its business by geography (North America, Europe, and Asia, among other regions) and channel of distribution (retail, wholesale, and licensing). This allows the Company to maintain a dynamic balance as its operating results do not depend solely on the performance of any single geographic area or channel of distribution. The Company sells directly to consumers through its integrated retail channel, which includes its retail stores, concession-based shop-within-shops, and digital commerce operations around the world. The Company's wholesale sales are made principally to major department stores, specialty stores, and third-party digital partners around the world, as well as to certain third-party-owned stores to which the Company has licensed the right to operate in defined geographic territories using its trademarks. In addition, the Company licenses to third parties for specified periods the right to access its various trademarks in connection with the licensees' manufacture and sale of designated products, such as certain apparel, eyewear, fragrances, and home furnishings.

The Company organizes its business into the following three reportable segments: North America, Europe, and Asia. In addition to these reportable segments, the Company also has other non-reportable segments. See Note 17 for further discussion of the Company's segment reporting structure.

2. Basis of Presentation

Interim Financial Statements

These interim consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") and are unaudited. In the opinion of management, these consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial position, income (loss), comprehensive income (loss), and cash flows of the Company for the interim periods presented. In addition, certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the notes thereto have been condensed or omitted from this report as is permitted by the SEC's rules and regulations. However, the Company believes that the disclosures provided herein are adequate to prevent the information presented from being misleading.

This report should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended March 28, 2020 (the "Fiscal 2020 10-K").

Basis of Consolidation

These unaudited interim consolidated financial statements present the consolidated financial position, income (loss), comprehensive income (loss), and cash flows of the Company, including all entities in which the Company has a controlling financial interest and is determined to be the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Periods

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2021 will end on March 27, 2021 and will be a 52-week period ("Fiscal 2021"). Fiscal year 2020 ended on March 28, 2020 and was also a

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52-week period ("Fiscal 2020"). The second quarter of Fiscal 2021 ended on September 26, 2020 and was a 13-week period. The second quarter of Fiscal 2020 ended on September 28, 2019 and was also a 13-week period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Actual results could differ materially from those estimates.

Significant estimates inherent in the preparation of the consolidated financial statements include reserves for bad debt, customer returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances; the realizability of inventory; reserves for litigation and other contingencies; useful lives and impairments of long-lived tangible and intangible assets; fair value measurements; accounting for income taxes and related uncertain tax positions; valuation of stock-based compensation awards and related forfeiture rates; reserves for restructuring activity; and accounting for business combinations, among others.

Reclassifications

Certain reclassifications have been made to prior period financial information in order to conform to the current period's presentation.

Seasonality of Business

The Company's business is typically affected by seasonal trends, with higher levels of retail sales in its second and third fiscal quarters and higher wholesale sales in its second and fourth fiscal quarters. These trends result primarily from the timing of key vacation travel, back-to-school, and holiday shopping periods impacting its retail business and the timing of seasonal wholesale shipments. As a result of changes in its business, consumer spending patterns, and the macroeconomic environment, including those resulting from disease pandemics and other catastrophic events, historical quarterly operating trends and working capital requirements may not be indicative of the Company's future performance. In addition, fluctuations in sales, operating income (loss), and cash flows in any fiscal quarter may be affected by other events affecting retail sales, such as changes in weather patterns. Accordingly, the Company's operating results and cash flows for the three-month and six-month periods ended September 26, 2020 are not necessarily indicative of the operating results and cash flows that may be expected for the full Fiscal 2021.

COVID-19 Pandemic

A novel strain of coronavirus commonly referred to as COVID-19 has spread rapidly across the globe in recent months, including throughout all major geographies in which the Company operates (North America, Europe, and Asia), resulting in adverse economic conditions and business disruptions, as well as significant volatility in global financial markets. Governments worldwide have imposed varying degrees of preventative and protective actions, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such factors, among others, have resulted in a significant decline in retail traffic, tourism, and consumer spending on discretionary items. Additionally, during this period of uncertainty, companies across a wide array of industries have implemented various initiatives to reduce operating expenses and preserve cash balances, including work furloughs and reduced pay, which could lower consumers' disposable income levels or willingness to purchase discretionary items. Further, even after such government restrictions and company initiatives are lifted, consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in shopping centers or other populated locations, could be adversely affected.

In connection with the COVID-19 pandemic, the Company has experienced varying degrees of business disruptions and periods of closure of its stores, distribution centers, and corporate facilities, as have the Company's wholesale customers, licensing partners, suppliers, and vendors. During the first quarter of Fiscal 2021, the majority of the Company's stores in key markets were closed for an average of 8 to 10 weeks, resulting in significant adverse impacts to its operating results. Although nearly all of the Company's stores were reopened by the end of the first quarter of Fiscal 2021, the majority are still operating at limited hours and customer capacity levels in accordance with local health guidelines, with traffic remaining challenged. The Company's wholesale business has also been adversely affected, particularly in North America and Europe, as a result of department store closures and lower traffic and consumer demand. Additionally, there has recently been a resurgence in the number of cases of COVID-19 in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

certain parts of the world, which could result in further shutdowns and business disruptions for the Company and/or its wholesale customers, licensing partners, suppliers, and vendors.

Throughout the pandemic, the Company's priority has been to ensure the safety and well-being of its employees, consumers, and the communities in which it operates around the world. The Company continues to take into account the guidance of local governments and global health organizations and has implemented new health and safety protocols in its stores, distribution centers, and corporate facilities. The Company has also taken various preemptive actions to preserve cash and strengthen its liquidity position, including:

- amending its Global Credit Facility in May 2020 to temporarily waive its leverage ratio requirement (see Note 10);
- issuing \$1.250 billion of unsecured senior notes in June 2020, the proceeds of which are being used for general corporate purposes, including repayment of certain of the Company's outstanding borrowings (see Note 10);
- temporarily suspending its quarterly cash dividend and common stock repurchase program, effective beginning in the first quarter of Fiscal 2021 (see Note 14);
- temporarily reducing the base compensation of its executives and senior management team, as well as its Board of Directors, for the first quarter of Fiscal 2021;
- furloughing or reducing work hours for a significant portion of its employees, who nevertheless remain eligible to receive employee benefits during such period;
- carefully managing its expense structure across all key areas of spend, including aligning inventory levels with anticipated demand, negotiating rent abatements with certain of its landlords, and postponing non-critical capital build-out and other investments and activities;
- pursuing relevant government subsidy programs related to COVID-19 business disruptions; and
- improving upon its cash conversion cycle largely driven by its accounts receivable collection efforts and extended vendor payment terms.

The COVID-19 pandemic remains highly volatile and continues to evolve. Accordingly, the Company cannot predict for how long and to what extent the pandemic will impact its business operations or the global economy as a whole. The Company will continue to assess its operations location-by-location, taking into account the guidance of local governments and global health organizations to determine when its operations can begin returning to normal levels of business.

3. Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue across all channels of the business when it satisfies its performance obligations by transferring control of promised products or services to its customers, which occurs either at a point in time or over time, depending on when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized considers terms of sale that create variability in the amount of consideration that the Company ultimately expects to be entitled to in exchange for the products or services, and is subject to an overall constraint that a significant revenue reversal will not occur in future periods. Sales and other related taxes collected from customers and remitted to government authorities are excluded from revenue.

Revenue from the Company's retail business is recognized when the customer takes physical possession of the products, which occurs either at the point of sale for merchandise purchased at the Company's retail stores and concession-based shop-within-shops, or upon receipt of shipment for merchandise ordered through direct-to-consumer digital commerce sites. Such revenues are recorded net of estimated returns based on historical trends. Payment is due at the point of sale.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gift cards issued to customers by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. The Company also estimates and recognizes revenue for gift card balances not expected to ever be redeemed (referred to as "breakage") to the extent that it does not have a legal obligation to remit the value of such unredeemed gift cards to the relevant jurisdiction as unclaimed or abandoned property. Such estimates are based upon historical redemption trends, with breakage income recognized in proportion to the pattern of actual customer redemptions.

Revenue from the Company's wholesale business is generally recognized upon shipment of products, at which point title passes and risk of loss is transferred to the customer. In certain arrangements where the Company retains the risk of loss during shipment, revenue is recognized upon receipt of products by the customer. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances. Returns and allowances require pre-approval from management and discounts are based on trade terms. Estimates for end-of-season markdown reserves are based on historical trends, actual and forecasted seasonal results, an evaluation of current economic and market conditions, retailer performance, and, in certain cases, contractual terms. Estimates for operational chargebacks are based on actual customer notifications of order fulfillment discrepancies and historical trends. The Company reviews and refines these estimates on at least a quarterly basis. The Company's historical estimates of these amounts have not differed materially from actual results.

Revenue from the Company's licensing arrangements is recognized over time during the period that licensees are provided access to the Company's trademarks (i.e., symbolic intellectual property) and benefit from such access through their sales of licensed products. These arrangements require licensees to pay a sales-based royalty which, for most arrangements, may be subject to a contractually-guaranteed minimum royalty amount. Payments are generally due quarterly and, depending on time of receipt, may be recorded as a liability until recognized as revenue. The Company recognizes revenue for sales-based royalty arrangements (including those for which the royalty exceeds any contractually-guaranteed minimum royalty amount) as licensed products are sold by the licensee. If a sales-based royalty is not ultimately expected to exceed a contractually-guaranteed minimum royalty amount, the minimum is generally recognized as revenue ratably over the respective contractual period. This sales-based output measure of progress and pattern of recognition best represents the value transferred to the licensee over the term of the arrangement, as well as the amount of consideration that the Company is entitled to receive in exchange for providing access to its trademarks. As of September 26, 2020, contractually-guaranteed minimum royalty amounts expected to be recognized as revenue during future periods were as follows:

	Contractually-Guaranteed Minimum Royalties^(a)	
	(millions)	
Remainder of Fiscal 2021	\$	36.4
Fiscal 2022		68.4
Fiscal 2023		44.4
Fiscal 2024		26.6
Fiscal 2025 and thereafter		1.1
Total	\$	<u>176.9</u>

^(a) Amounts presented do not contemplate anticipated contract renewals or royalties earned in excess of the contractually-guaranteed minimums.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Disaggregated Net Revenues

The following tables disaggregate the Company's net revenues into categories that depict how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors for the fiscal periods presented:

	Three Months Ended									
	September 26, 2020					September 28, 2019				
	North America	Europe	Asia	Other	Total	North America	Europe	Asia	Other	Total
	(millions)									
Sales Channel^(a):										
Retail	\$ 314.7	\$ 174.2	\$ 219.3	\$ 21.1	\$ 729.3	\$ 457.9	\$ 238.6	\$ 233.3	\$ 45.4	\$ 975.2
Wholesale	228.2	185.3	17.3	2.3	433.1	423.3	241.6	22.0	1.9	688.8
Licensing	—	—	—	31.1	31.1	—	—	—	42.2	42.2
Total	\$ 542.9	\$ 359.5	\$ 236.6	\$ 54.5	\$ 1,193.5	\$ 881.2	\$ 480.2	\$ 255.3	\$ 89.5	\$ 1,706.2

	Six Months Ended									
	September 26, 2020					September 28, 2019				
	North America	Europe	Asia	Other	Total	North America	Europe	Asia	Other	Total
	(millions)									
Sales Channel^(a):										
Retail	\$ 457.3	\$ 253.4	\$ 385.8	\$ 27.6	\$ 1,124.1	\$ 861.0	\$ 457.1	\$ 479.8	\$ 94.9	\$ 1,892.8
Wholesale	250.7	226.8	22.7	2.8	503.0	739.6	383.9	34.1	3.7	1,161.3
Licensing	—	—	—	53.9	53.9	—	—	—	80.9	80.9
Total	\$ 708.0	\$ 480.2	\$ 408.5	\$ 84.3	\$ 1,681.0	\$ 1,600.6	\$ 841.0	\$ 513.9	\$ 179.5	\$ 3,135.0

(a) Net revenues from the Company's retail and wholesale businesses are recognized at a point in time. Net revenues from the Company's licensing business are recognized over time.

Deferred Income

Deferred income represents cash payments received in advance of the Company's transfer of control of products or services to its customers and is generally comprised of unredeemed gift cards, net of breakage, and advance royalty payments from licensees. The Company's deferred income balances were \$13.2 million and \$14.6 million as of September 26, 2020 and March 28, 2020, respectively, and were primarily recorded within accrued expenses and other current liabilities within the consolidated balance sheets. During the three-month and six-month periods ended September 26, 2020, the Company recognized \$2.5 million and \$5.9 million, respectively, of net revenues from amounts recorded as deferred income as of March 28, 2020. The majority of the deferred income balance as of September 26, 2020 is expected to be recognized as revenue within the next twelve months.

Shipping and Handling Costs

Costs associated with shipping goods to the Company's customers are accounted for as fulfillment activities and reflected as a component of selling, general, and administrative ("SG&A") expenses in the consolidated statements of operations. Costs of preparing merchandise for sale, such as picking, packing, warehousing, and order charges ("handling costs"), are also included in SG&A expenses. Shipping and handling costs billed to customers are included in revenue.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of shipping and handling costs for the fiscal periods presented is as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Shipping costs	\$ 12.2	\$ 12.5	\$ 20.6	\$ 22.4
Handling costs	33.3	39.5	59.8	75.7

Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to common shares by the weighted-average number of common shares outstanding during the period. Weighted-average common shares include shares of the Company's Class A and Class B common stock. Diluted net income (loss) per common share adjusts basic net income (loss) per common share for the dilutive effects of outstanding restricted stock units ("RSUs"), stock options, and any other potentially dilutive instruments, only in the periods in which such effects are dilutive.

The weighted-average number of common shares outstanding used to calculate basic net income (loss) per common share is reconciled to shares used to calculate diluted net income (loss) per common share as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Basic shares	73.5	76.7	73.3	77.4
Dilutive effect of RSUs and stock options	— ^(a)	1.2	— ^(a)	1.5
Diluted shares	73.5	77.9	73.3	78.9

^(a) Incremental shares of 0.9 million and 1.2 million attributable to outstanding RSUs were excluded from the computation of diluted shares for the three-month and six-month periods ended September 26, 2020, respectively, as such shares would not be dilutive as a result of the net losses incurred.

All earnings per share amounts have been calculated using unrounded numbers. The Company has outstanding performance-based and market-based RSUs, which are included in the computation of diluted shares only to the extent that the underlying performance or market conditions (i) have been satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive. In addition, options to purchase shares of the Company's Class A common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income (loss) per common share. As of September 26, 2020 and September 28, 2019, there were 0.6 million and 1.1 million, respectively, of additional shares issuable contingent upon vesting of performance-based RSUs and upon exercise of anti-dilutive stock options, that were excluded from the diluted shares calculations.

Accounts Receivable

In the normal course of business, the Company extends credit to wholesale customers that satisfy defined credit criteria. Payment is generally due within 30 to 120 days and does not include a significant financing component. Accounts receivable is recorded at amortized cost, which approximates fair value, and is presented in the Company's consolidated balance sheets net of certain reserves and allowances. These reserves and allowances consist of (i) reserves for returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances (see the "Revenue Recognition" section above for further discussion of related accounting policies) and (ii) allowances for doubtful accounts.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A rollforward of the activity in the Company's reserves for returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances is presented below:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Beginning reserve balance	\$ 184.0	\$ 165.5	\$ 204.7	\$ 176.5
Amount charged against revenue to increase reserve	72.6	168.6	83.9	282.5
Amount credited against customer accounts to decrease reserve	(88.2)	(135.8)	(122.1)	(261.7)
Foreign currency translation	3.5	(2.8)	5.4	(1.8)
Ending reserve balance	<u>\$ 171.9</u>	<u>\$ 195.5</u>	<u>\$ 171.9</u>	<u>\$ 195.5</u>

An allowance for doubtful accounts is determined through analysis of accounts receivable aging, assessments of collectability based on evaluation of historical trends, the financial condition of the Company's customers and their ability to withstand prolonged periods of adverse economic conditions, and evaluation of the impact of current and forecasted economic and market conditions over the related asset's contractual life, among other factors. The Company's estimated allowance for doubtful accounts as of September 26, 2020 reflects impacts associated with COVID-19 business disruptions, which include declines in retail traffic, tourism, and consumer spending on discretionary items.

A rollforward of the activity in the Company's allowance for doubtful accounts is presented below:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Beginning reserve balance	\$ 55.9	\$ 15.0	\$ 71.5	\$ 15.7
Amount recorded to expense to increase (decrease) reserve ^(a)	(8.9)	1.4	(25.4)	1.5
Amount written-off against customer accounts to decrease reserve	(1.6)	(0.4)	(1.6)	(1.4)
Foreign currency translation	0.9	(0.4)	1.8	(0.2)
Ending reserve balance	<u>\$ 46.3</u>	<u>\$ 15.6</u>	<u>\$ 46.3</u>	<u>\$ 15.6</u>

^(a) Amounts recorded to bad debt expense are included within SG&A expenses in the consolidated statements of operations.

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department stores, specialty stores, and third-party digital partners around the world, and extends credit based on an evaluation of each customer's financial capacity and condition, usually without requiring collateral. In the Company's wholesale business, concentration of credit risk is relatively limited due to the large number of customers and their dispersion across many geographic areas. However, the Company has three key wholesale customers that generate significant sales volume. During Fiscal 2020, the Company's sales to its three largest wholesale customers accounted for approximately 18% of total net revenues. Substantially all of the Company's sales to its three largest wholesale customers related to its North America segment. As of September 26, 2020, these three key wholesale customers constituted approximately 29% of total gross accounts receivable.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories

The Company holds inventory that is sold in its retail stores and digital commerce sites directly to consumers. The Company also holds inventory that is sold through wholesale distribution channels to major department stores, specialty stores, and third-party digital partners. Substantially all of the Company's inventories consist of finished goods, which are stated at the lower of cost or estimated realizable value, with cost determined on a weighted-average cost basis. Inventory held by the Company totaled \$887.0 million, \$736.2 million, and \$1.013 billion as of September 26, 2020, March 28, 2020, and September 28, 2019, respectively.

Implementation Costs Incurred in Cloud Computing Arrangements

For cloud computing arrangements that are a service contract, the Company capitalizes certain implementation costs incurred (depending on their nature) during the application development stage of the related project, and expenses costs during the preliminary project and post-implementation stages as they are incurred. Capitalized implementation costs are expensed on a straight-line basis over the reasonably certain term of the hosting arrangement, beginning when the module is ready for its intended use. The Company's cloud computing arrangements relate to various areas, including certain retail store and digital commerce operations, and corporate and administrative functions. Capitalized amounts related to such arrangements are recorded within prepaid expenses and other current assets and within other non-current assets in the consolidated balance sheets (see Note 6). Capitalized implementation costs expensed during the three-month and six-month periods ended September 26, 2020 were \$1.2 million and \$3.7 million, respectively, and \$0.8 million and \$1.6 million during the three-month and six-month periods ended September 28, 2019, respectively, and were recorded in SG&A expenses in the consolidated statements of operations.

See Note 4 for discussion of the Company's adoption of a new accounting standard related to implementation costs incurred in connection with cloud computing arrangements that are a service contract as of the beginning of Fiscal 2021.

Derivative Financial Instruments

The Company records derivative financial instruments on its consolidated balance sheets at fair value. Changes in the fair value of derivative instruments that are designated and qualify for hedge accounting are either (i) offset through earnings against the changes in fair value of the related hedged assets, liabilities, or firm commitments or (ii) recognized in equity as a component of accumulated other comprehensive income (loss) ("AOCI") until the hedged item is recognized in earnings, depending on whether the instrument is hedging against changes in fair value or cash flows and net investments, respectively.

Each derivative instrument that qualifies for hedge accounting is expected to be highly effective in offsetting the risk associated with the related exposure. For each instrument that is designated as a hedge, the Company documents the related risk management objective and strategy, including identification of the hedging instrument, the hedged item, and the risk exposure, as well as how hedge effectiveness will be assessed over the instrument's term. To assess hedge effectiveness at the inception of a hedging relationship, the Company generally uses regression analysis, a statistical method, to compare changes in the fair value of the derivative instrument to changes in the fair value or cash flows of the related hedged item. The extent to which a hedging instrument has been and is expected to remain highly effective in achieving offsetting changes in fair value or cash flows is assessed by the Company on at least a quarterly basis.

Given its use of derivative instruments, the Company is exposed to the risk that counterparties to such contracts will fail to meet their contractual obligations. To mitigate such counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. The Company's established policies and procedures for mitigating credit risk from derivative transactions include ongoing review and assessment of its counterparties' creditworthiness. The Company also enters into master netting arrangements with counterparties, when possible, to further mitigate credit risk. In the event of default or termination (as such terms are defined within the respective master netting arrangement), these arrangements allow the Company to net-settle amounts payable and receivable related to multiple derivative transactions with the same counterparty. The master netting arrangements specify a number of events of default and termination, including the failure to make timely payments.

The fair values of the Company's derivative instruments are recorded on its consolidated balance sheets on a gross basis. For cash flow reporting purposes, proceeds received or amounts paid upon the settlement of a derivative instrument are classified in the same manner as the related item being hedged, primarily within cash flows from operating activities for its forward foreign exchange contracts and within cash flows from investing activities for its cross-currency swap contracts, both as discussed below.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash Flow Hedges

The Company uses forward foreign currency exchange contracts to mitigate its risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency. To the extent designated as cash flow hedges, related gains or losses on such instruments are initially deferred in equity as a component of AOCI and are subsequently recognized within cost of goods sold in the consolidated statements of operations when the related inventory is sold.

If a derivative instrument is dedesignated or if hedge accounting is discontinued because the instrument is not expected to be highly effective in hedging the designated exposure, any further gains (losses) are recognized in earnings each period within other income (expense), net. Upon discontinuance of hedge accounting, the cumulative change in fair value of the derivative instrument recorded in AOCI is recognized in earnings when the related hedged item affects earnings, consistent with the hedging strategy, unless the related forecasted transaction is probable of not occurring, in which case the accumulated amount is immediately recognized within other income (expense), net.

Hedges of Net Investments in Foreign Operations

The Company periodically uses cross-currency swap contracts to reduce risk associated with exchange rate fluctuations on certain of its net investments in foreign subsidiaries. Changes in the fair values of such derivative instruments that are designated as hedges of net investments in foreign operations are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of such hedges, the Company uses a method based on changes in spot rates to measure the impact of foreign currency exchange rate fluctuations on both its foreign subsidiary net investment and the related hedging instrument. Under this method, changes in the fair value of the hedging instrument other than those due to changes in the spot rate are initially recorded in AOCI as a translation adjustment and are amortized into earnings as interest expense using a systematic and rational method over the instrument's term. Changes in fair value associated with the effective portion (i.e., those due to changes in the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment.

Fair Value Hedges

Changes in the fair value of a derivative instrument that is designated as a fair value hedge, along with offsetting changes in the fair value of the related hedged item attributable to the hedged risk, are recorded in earnings. To the extent that the change in the fair value of the hedged item does not fully offset the change in the fair value of the hedging instrument, the resulting net impact is reflected in earnings within the income statement line item associated with the hedged item.

Undesignated Hedges

The Company uses undesignated hedges primarily to hedge foreign currency exchange rate risk related to third-party and intercompany balances and exposures. Changes in the fair value of undesignated derivative instruments are recognized in earnings each period within other income (expense), net.

See Note 12 for further discussion of the Company's derivative financial instruments.

Refer to Note 3 of the Fiscal 2020 10-K for a summary of all of the Company's significant accounting policies.

4. Recently Issued Accounting Standards***Implementation Costs Incurred in Cloud Computing Arrangements***

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU 2018-15"). ASU 2018-15 addresses diversity in practice surrounding the accounting for costs incurred to implement a cloud computing hosting arrangement that is a service contract by establishing a model for capitalizing or expensing such costs, depending on their nature and the stage of the related project during which they are incurred. Any capitalized costs are to be expensed over the reasonably certain term of the hosting arrangement and presented in the same line within the statement of operations as the expense for the arrangement's fees. ASU 2018-15 also requires enhanced qualitative and quantitative disclosures surrounding hosting arrangements that are service contracts.

The Company adopted ASU 2018-15 as of the beginning of Fiscal 2021. Prior to adoption, the Company had already generally accounted for implementation costs incurred in connection with cloud computing arrangements in a manner consistent with the new standard. Therefore, other than the new disclosure requirements, the adoption of ASU 2018-15 did not have an impact on the Company's consolidated financial statements. See Note 3 for further discussion of the Company's accounting for cloud computing arrangements.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13, which was further updated and clarified by the FASB through issuance of additional related ASUs, amends the guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring upfront recognition of an allowance for credit losses expected to be incurred over an asset's contractual life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. It is expected that application of this "expected loss" model will result in earlier recognition of credit losses than the current "as incurred" model, under which losses are recognized only upon occurrence of an event that gives rise to the incurrence of a probable loss. While the Company's historical bad debt write-off activity has generally been insignificant, similar to current practice, the extent of losses ultimately recognized will depend on prevailing conditions and ongoing consideration of information and forecasts that inform assessments of collectability. The Company adopted ASU 2016-13 as of the beginning of Fiscal 2021 using the modified retrospective basis. Overall, the adoption of ASU 2016-13 did not have a material impact on the Company's consolidated financial statements.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Property and Equipment

Property and equipment, net consists of the following:

	September 26, 2020	March 28, 2020
	(millions)	
Land and improvements	\$ 15.3	\$ 15.3
Buildings and improvements	314.2	309.0
Furniture and fixtures	635.4	629.5
Machinery and equipment	388.1	378.8
Capitalized software	552.1	543.3
Leasehold improvements	1,239.9	1,194.5
Construction in progress	40.0	37.5
	3,185.0	3,107.9
Less: accumulated depreciation	(2,263.5)	(2,128.4)
Property and equipment, net	<u>\$ 921.5</u>	<u>\$ 979.5</u>

Depreciation expense was \$56.3 million and \$114.8 million during the three-month and six-month periods ended September 26, 2020, respectively, and \$60.7 million and \$121.0 million during the three-month and six-month periods ended September 28, 2019, respectively, and is recorded primarily within SG&A expenses in the consolidated statements of operations.

6. Other Assets and Liabilities

Prepaid expenses and other current assets consist of the following:

	September 26, 2020	March 28, 2020
	(millions)	
Non-trade receivables	\$ 27.7	\$ 27.0
Other taxes receivable	25.6	24.7
Prepaid software maintenance	12.8	14.8
Prepaid advertising and marketing	10.2	10.1
Inventory return asset	10.0	8.9
Cloud computing arrangement implementation costs	7.9	8.4
Prepaid occupancy expense	6.3	6.7
Derivative financial instruments	1.1	13.7
Other prepaid expenses and current assets	57.3	46.5
Total prepaid expenses and other current assets	<u>\$ 158.9</u>	<u>\$ 160.8</u>

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other non-current assets consist of the following:

	September 26, 2020	March 28, 2020
	(millions)	
Security deposits	\$ 30.0	\$ 29.4
Derivative financial instruments	27.3	48.6
Restricted cash	8.3	8.0
Cloud computing arrangement implementation costs	5.8	4.9
Other non-current assets	26.3	21.0
Total other non-current assets	<u>\$ 97.7</u>	<u>\$ 111.9</u>

Accrued expenses and other current liabilities consist of the following:

	September 26, 2020	March 28, 2020
	(millions)	
Accrued inventory	\$ 203.7	\$ 167.1
Accrued operating expenses	202.5	176.4
Restructuring reserve	166.4	25.5
Accrued payroll and benefits	162.6	186.2
Other taxes payable	68.0	47.9
Accrued capital expenditures	27.4	29.1
Deferred income	13.1	14.6
Finance lease obligations	10.4	9.8
Derivative financial instruments	1.0	6.9
Dividends payable	—	49.8
Other accrued expenses and current liabilities	14.0	3.8
Total accrued expenses and other current liabilities	<u>\$ 869.1</u>	<u>\$ 717.1</u>

Other non-current liabilities consist of the following:

	September 26, 2020	March 28, 2020
	(millions)	
Finance lease obligations	\$ 188.8	\$ 189.4
Deferred lease incentives and obligations	62.0	57.8
Derivative financial instruments	31.5	—
Accrued benefits and deferred compensation	29.0	19.5
Deferred tax liabilities	10.6	10.0
Other non-current liabilities	34.6	31.8
Total other non-current liabilities	<u>\$ 356.5</u>	<u>\$ 308.5</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Impairment of Assets

The Company recorded non-cash impairment charges of \$22.2 million and \$24.3 million during the three-month and six-month periods ended September 26, 2020, respectively, and \$2.3 million and \$3.5 million during the three-month and six-month periods ended September 28, 2019, respectively, to write-down certain long-lived assets in connection with its restructuring activities (see Note 8).

Additionally, the Company recorded non-cash impairment charges of \$8.8 million during the three-month and six-month periods ended September 26, 2020 to write-down long-lived assets primarily related to a certain previously exited real estate location for which the related lease agreement has not yet expired. During the three-month and six-month periods ended September 28, 2019, the Company recorded non-cash impairment charges of \$3.8 million to write-down certain long-lived assets related to underperforming stores as a result of its on-going store portfolio evaluation.

See Note 11 for further discussion of these impairment charges.

8. Restructuring and Other Charges

A description of significant restructuring and other activities and their related costs is provided below.

Fiscal 2021 Strategic Realignment Plan

The Company has begun efforts to realign its resources to support future growth and profitability, and to create a sustainable cost structure. The key areas of the Company's evaluation include its: (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across distribution centers, corporate offices, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio.

In connection with the first initiative, on September 17, 2020, the Company's Board of Directors approved a restructuring plan (the "Fiscal 2021 Strategic Realignment Plan") to reduce its global workforce by the end of Fiscal 2021. In connection with the reduction in workforce, the Company expects to incur total estimated pre-tax charges of up to approximately \$160 million, primarily consisting of cash-related severance and benefit costs. Additionally, during its preliminary review of its store portfolio, the Company made the decision to close its Polo store on Regent Street in London.

In addition to these actions, the Company anticipates additional restructuring-related actions associated with the other aforementioned initiatives as part of the Fiscal 2021 Strategic Realignment Plan.

A summary of the charges recorded in connection with the Fiscal 2021 Strategic Realignment Plan during the fiscal periods presented (inclusive of immaterial other restructuring-related charges previously recorded during the first quarter of Fiscal 2021) is as follows:

	September 26, 2020	
	Three Months Ended	Six Months Ended
	(millions)	
Cash-related restructuring charges:		
Severance and benefit costs	\$ 153.8	\$ 156.3
Other cash charges	3.8	3.9
Total cash-related restructuring charges	157.6	160.2
Non-cash charges:		
Impairment of assets (see Note 7)	22.2	24.3
Inventory-related charges ^(a)	—	1.3
Total non-cash charges	22.2	25.6
Total charges	<u>\$ 179.8</u>	<u>\$ 185.8</u>

^(a) Inventory-related charges are recorded within cost of goods sold in the consolidated statements of operations.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of current period activity in the restructuring reserve related to the Fiscal 2021 Strategic Realignment Plan is as follows:

	Severance and Benefit Costs	Other Cash Charges	Total
	(millions)		
Balance at March 28, 2020	\$ —	\$ —	\$ —
Additions charged to expense	156.3	3.9	160.2
Cash payments charged against reserve	(2.6)	(0.2)	(2.8)
Non-cash adjustments	(0.3)	—	(0.3)
Balance at September 26, 2020	<u>\$ 153.4</u>	<u>\$ 3.7</u>	<u>\$ 157.1</u>

Fiscal 2019 Restructuring Plan

On June 4, 2018, the Company's Board of Directors approved a restructuring plan associated with the Company's strategic objective of operating with discipline to drive sustainable growth (the "Fiscal 2019 Restructuring Plan"). The Fiscal 2019 Restructuring Plan included the following restructuring-related activities: (i) rightsizing and consolidation of the Company's global distribution network and corporate offices; (ii) targeted severance-related actions; and (iii) closure of certain of its stores and shop-within-shops.

Actions associated with the Fiscal 2019 Restructuring Plan are complete and no additional charges are expected to be incurred in connection with this plan. A summary of the charges recorded in connection with the Fiscal 2019 Restructuring Plan during the fiscal periods presented, as well as the cumulative charges recorded since its inception, is as follows:

	September 28, 2019		
	Three Months Ended	Six Months Ended	Cumulative Charges
	(millions)		
Cash-related restructuring charges:			
Severance and benefit costs	\$ 9.0	\$ 14.9	\$ 90.3
Lease termination and store closure costs	0.2	0.5	2.3
Other cash charges	0.3	1.1	10.8
Total cash-related restructuring charges	<u>9.5</u>	<u>16.5</u>	<u>103.4</u>
Non-cash charges:			
Impairment of assets (see Note 7)	2.3	3.5	19.0
Inventory-related charges ^(a)	0.4	1.0	8.2
Accelerated stock-based compensation expense ^(b)	3.6	3.6	3.6
Loss on sale of property ^(c)	—	—	11.6
Total non-cash charges	<u>6.3</u>	<u>8.1</u>	<u>42.4</u>
Total charges	<u>\$ 15.8</u>	<u>\$ 24.6</u>	<u>\$ 145.8</u>

^(a) Inventory-related charges are recorded within cost of goods sold in the consolidated statements of operations.

^(b) Accelerated stock-based compensation expense, which is recorded within restructuring and other charges in the consolidated statements of operations, was recorded in connection with vesting provisions associated with certain separation agreements.

^(c) Loss on sale of property, which was recorded within restructuring and other charges in the consolidated statements of operations, was incurred in connection with the sale of one of the Company's distribution centers in North America.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of current period activity in the restructuring reserve related to the Fiscal 2019 Restructuring Plan is as follows:

	Severance and Benefit Costs	Other Cash Charges	Total
	(millions)		
Balance at March 28, 2020	\$ 23.5	\$ 0.6	\$ 24.1
Additions charged to expense	—	—	—
Cash payments charged against reserve	(14.0)	(0.6)	(14.6)
Balance at September 26, 2020	<u>\$ 9.5</u>	<u>\$ —</u>	<u>\$ 9.5</u>

Other Charges

The Company recorded other charges of \$2.9 million and \$7.3 million during the three-month and six-month periods ended September 26, 2020, respectively, and \$1.4 million and \$3.2 million during the three-month and six-month periods ended September 28, 2019, respectively, primarily related to rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements have not yet expired.

The Company also recorded other charges of \$20.8 million during the six months ended September 28, 2019 related to the donation of net cash proceeds received from the sale of its corporate jet. This donation was made to the Ralph Lauren Corporate Foundation (formerly known as the Polo Ralph Lauren Foundation), a non-profit, charitable foundation that supports various philanthropic programs.

9. Income Taxes

Effective Tax Rate

The Company's effective tax rate, which is calculated by dividing each fiscal period's income tax benefit (provision) by pretax income (loss), was (34.4%) and 17.3% during the three-month and six-month periods ended September 26, 2020, respectively, and 23.1% and 21.9% during the three-month and six-month periods ended September 28, 2019, respectively. The effective tax rates for the three-month and six-month periods ended September 26, 2020 were lower than the U.S. federal statutory income tax rate of 21% primarily due to valuation allowances recorded against certain deferred tax assets as a result of significant business disruptions attributable to COVID-19 that could impact the ultimate realizability of such assets, as well as tax impacts on stock based compensation and other permanent adjustments, partially offset by expected net operating loss carrybacks allowed under the CARES Act (as defined below). The effective tax rates for the three-month and six-month periods ended September 28, 2019 were slightly higher than the U.S. federal statutory income tax rate of 21% primarily due to additional income tax reserves largely associated with certain income tax audits.

In response to the COVID-19 pandemic, various governments worldwide have enacted, or are in the process of enacting, measures to provide aid and economic relief to companies adversely impacted by the pandemic. For example, on March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The CARES Act includes various provisions, including the modification of net operating loss carryback periods and limitation, modification to interest deduction limitations, and creation of refundable employee retention tax credits, among other provisions. Certain of these provisions will favorably impact the Company's Fiscal 2021 operating results.

Swiss Tax Reform

In May 2019, a public referendum was held in Switzerland that approved the Federal Act on Tax Reform and AHV Financing (the "Swiss Tax Act"), which became effective January 1, 2020. The Swiss Tax Act eliminates certain preferential tax items at both the federal and cantonal levels for multinational companies, and provides the cantons with parameters for establishing local tax rates and regulations. The Swiss Tax Act also provides transitional provisions, one of which allows eligible companies to increase the tax basis of certain assets based on the value generated by their business in previous years, and amortize such adjustment as a tax deduction over a transitional period.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During the second quarter of Fiscal 2020, the Swiss Tax Act was enacted into law, resulting in an immaterial adjustment associated with the revaluation of the Company's Swiss deferred tax assets and liabilities and the then estimated annual effective tax rate.

Uncertain Income Tax Benefits

The Company classifies interest and penalties related to unrecognized tax benefits as part of its income tax benefit (provision). The total amount of unrecognized tax benefits, including interest and penalties, was \$87.6 million and \$88.9 million as of September 26, 2020 and March 28, 2020, respectively, and is included within non-current liability for unrecognized tax benefits in the consolidated balance sheets.

The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was \$66.2 million and \$71.7 million as of September 26, 2020 and March 28, 2020, respectively.

Future Changes in Unrecognized Tax Benefits

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, settlements of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not anticipate that the balance of gross unrecognized tax benefits, excluding interest and penalties, will change significantly during the next twelve months. However, changes in the occurrence, expected outcomes, and timing of such events could cause the Company's current estimate to change materially in the future.

The Company files a consolidated U.S. federal income tax return, as well as tax returns in various state, local, and foreign jurisdictions. The Company is generally no longer subject to examinations by the relevant tax authorities for years prior to its fiscal year ended March 30, 2013.

10. Debt

Debt consists of the following:

	September 26, 2020	March 28, 2020
	(millions)	
\$300 million 2.625% Senior Notes ^(a)	\$ —	\$ 299.6
\$400 million 3.750% Senior Notes ^(b)	396.7	396.4
\$500 million 1.700% Senior Notes ^(c)	497.7	—
\$750 million 2.950% Senior Notes ^(d)	736.6	—
Borrowings outstanding under credit facilities	—	475.0
Total debt	1,631.0	1,171.0
Less: short-term debt and current portion of long-term debt	—	774.6
Total long-term debt	\$ 1,631.0	\$ 396.4

^(a) The carrying value of the 2.625% Senior Notes as of March 28, 2020 is presented net of unamortized debt issuance costs and original issue discount of \$0.2 million and also reflects an adjustment of \$0.2 million associated with a related interest rate swap contract (see Note 12).

^(b) The carrying value of the 3.750% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$3.3 million and \$3.6 million as of September 26, 2020 and March 28, 2020, respectively.

^(c) The carrying value of the 1.700% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$2.3 million as of September 26, 2020.

^(d) The carrying value of the 2.950% Senior Notes is presented net of unamortized debt issuance costs and original issue discount of \$13.4 million as of September 26, 2020.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Senior Notes

In August 2018, the Company completed a registered public debt offering and issued \$400 million aggregate principal amount of unsecured senior notes due September 15, 2025, which bear interest at a fixed rate of 3.750%, payable semi-annually (the "3.750% Senior Notes"). The 3.750% Senior Notes were issued at a price equal to 99.521% of their principal amount. The proceeds from this offering were used for general corporate purposes, including repayment of the Company's previously outstanding \$300 million principal amount of unsecured 2.125% senior notes that matured September 26, 2018 (the "2.125% Senior Notes").

In June 2020, the Company completed another registered public debt offering and issued an additional \$500 million aggregate principal amount of unsecured senior notes due June 15, 2022, which bear interest at a fixed rate of 1.700%, payable semi-annually (the "1.700% Senior Notes"), and \$750 million aggregate principal amount of unsecured senior notes due June 15, 2030, which bear interest at a fixed rate of 2.950%, payable semi-annually (the "2.950% Senior Notes"). The 1.700% Senior Notes and 2.950% Senior Notes were issued at prices equal to 99.880% and 98.995% of their principal amounts, respectively. The proceeds from these offerings are being used for general corporate purposes, which included the repayment of \$475 million previously outstanding under the Company's Global Credit Facility (as defined below) on June 3, 2020 and repayment of its previously outstanding \$300 million principal amount of unsecured 2.625% senior notes that matured August 18, 2020 (the "2.625% Senior Notes").

The Company has the option to redeem the 3.750% Senior Notes, 1.700% Senior Notes, and 2.950% Senior Notes (collectively, the "Senior Notes"), in whole or in part, at any time at a price equal to accrued and unpaid interest on the redemption date plus the greater of (i) 100% of the principal amount of the series of Senior Notes to be redeemed or (ii) the sum of the present value of Remaining Scheduled Payments, as defined in the supplemental indentures governing such Senior Notes (together with the indenture governing the Senior Notes, the "Indenture"). The Indenture contains certain covenants that restrict the Company's ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of the Company's property or assets to another party. However, the Indenture does not contain any financial covenants.

Commercial Paper

The Company has a commercial paper borrowing program that allows it to issue up to \$500 million of unsecured commercial paper notes through private placement using third-party broker-dealers (the "Commercial Paper Program").

Borrowings under the Commercial Paper Program are supported by the Global Credit Facility, as defined below. Accordingly, the Company does not expect combined borrowings outstanding under the Commercial Paper Program and Global Credit Facility to exceed \$500 million. Commercial Paper Program borrowings may be used to support the Company's general working capital and corporate needs. Maturities of commercial paper notes vary, but cannot exceed 397 days from the date of issuance. Commercial paper notes issued under the Commercial Paper Program rank equally with the Company's other forms of unsecured indebtedness. As of September 26, 2020, there were no borrowings outstanding under the Commercial Paper Program.

Revolving Credit Facilities

Global Credit Facility

In August 2019, the Company replaced its existing credit facility and entered into a new credit facility that provides for a \$500 million senior unsecured revolving line of credit through August 12, 2024 (the "Global Credit Facility") under terms and conditions substantially similar to those of the previous facility. The Global Credit Facility is also used to support the issuance of letters of credit and maintenance of the Commercial Paper Program. Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and certain other currencies, including Euros, Hong Kong Dollars, and Japanese Yen, and are guaranteed by all of the Company's domestic significant subsidiaries. In accordance with the terms of the agreement governing the Global Credit Facility, the Company has the ability to expand its borrowing availability under the Global Credit Facility to \$1 billion, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

Under the Global Credit Facility as originally implemented, U.S. Dollar-denominated borrowings bear interest, at the Company's option, either at (a) a base rate, by reference to the greatest of: (i) the annual prime commercial lending rate of JPMorgan Chase Bank, N.A. in effect from time to time, (ii) the weighted-average overnight Federal funds rate plus 50 basis points, or (iii) the one-month London Interbank Offered Rate ("LIBOR") plus 100 basis points; or (b) LIBOR, adjusted for the Federal Reserve

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Board's Eurocurrency liabilities maximum reserve percentage, plus a spread of 75 basis points, subject to adjustment based on the Company's credit ratings ("Adjusted LIBOR"). Foreign currency-denominated borrowings bear interest at Adjusted LIBOR. In addition to paying interest on any outstanding borrowings under the Global Credit Facility, the Company is required to pay a commitment fee to the lenders under the Global Credit Facility relating to the unutilized commitments. The commitment fee rate of 6.5 basis points is subject to adjustment based on the Company's credit ratings. These provisions were amended in May 2020, as discussed below.

The Global Credit Facility contains a number of covenants that, among other things, restrict the Company's ability, subject to specified exceptions, to incur additional debt; incur liens; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make certain investments. As originally implemented, the Global Credit Facility also required the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 4.25 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding, including finance lease obligations, plus all operating lease obligations. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, (iv) operating lease cost, (v) restructuring and other non-recurring expenses, and (vi) acquisition-related costs. This requirement was amended in May 2020, as discussed below.

In May 2020, the Company entered into an amendment of its Global Credit Facility (the "Amendment"). Under the Amendment, until the earlier of (a) the date on which the Company provides the periodic reporting information required under the Global Credit Facility for the quarter ending September 30, 2021 and (b) the date on which the Company certifies that its leverage ratio as of the last day of the two most recent fiscal quarters was no greater than 4.25 (the "Ratings-Based Toggle Date"), for loans based on Adjusted LIBOR, the spread over Adjusted LIBOR will be increased to 187.5 basis points, the spread on loans based on the base rate will be 87.5 basis points and the commitment fee will be increased to 25 basis points, in each case with no adjustments based on the Company's credit ratings. The pricing will return to the original levels set forth in the Global Credit Facility on the Ratings-Based Toggle Date. Additionally, the leverage ratio requirements have been waived until the quarter ending September 30, 2021. The maximum permitted leverage ratio for that fiscal quarter would be 5.25. For the fiscal quarters ending December 31, 2021 and March 31, 2022, the maximum permitted leverage ratio would be 4.75. For each fiscal quarter ending on or after June 30, 2022, the leverage ratio test would return to 4.25. The Amendment also (a) imposes a new requirement that would remain in effect until the Ratings-Based Toggle Date that the aggregate amount of unrestricted cash of the Company and its subsidiaries plus the undrawn amounts available under the Global Credit Facility may not be less than \$750 million, (b) restricts the amount of dividends and distributions on, or purchases, redemptions, repurchases, retirements or acquisitions of, the Company's stock until the Specified Period Termination Date (as defined below), (c) until March 31, 2021, amends the material adverse change representation to disregard pandemic-related impacts to the business, and (d) until the Specified Period Termination Date, adds certain other restrictions on indebtedness incurred by the Company and its subsidiaries and investments and acquisitions by the Company and its subsidiaries. The "Specified Period Termination Date" is the earlier of (i) the date on which the Company provides the periodic reporting information required under the Global Credit Facility for the quarter ending June 30, 2022 and (ii) the date on which the Company certifies that its leverage ratio as of the last day of the two most recent fiscal quarters was no greater than 4.25.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility, and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest, and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, the Company's Executive Chairman and Chief Creative Officer, and entities controlled by the Lauren family fail to maintain a specified minimum percentage of the voting power of the Company's common stock. As of September 26, 2020, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

In March 2020, the Company borrowed \$475.0 million under the Global Credit Facility as a preemptive action to preserve cash and strengthen its liquidity position in response to the COVID-19 pandemic. These borrowings were subsequently repaid in June 2020 with proceeds from the issuances of the 1.700% Senior Notes and 2.950% Senior Notes. As of September 26, 2020, there were no borrowings outstanding under the Global Credit Facility and the Company was contingently liable for \$9.0 million of outstanding letters of credit.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

364 Day Facility

In May 2020, the Company entered into a new credit facility with the same lenders that are parties to the Global Credit Facility (the "364 Day Facility") as a preemptive measure to strengthen its liquidity in response to the COVID-19 pandemic. The 364 Day Facility provided for a \$500 million senior unsecured revolving line of credit through May 25, 2021, provided that the maturity date may be earlier if the Company issues senior notes other than to refinance the previously outstanding 2.625% Senior Notes. In connection with the issuances of the 1.700% Senior Notes and 2.950% Senior Notes in June 2020, the 364 Day Facility automatically terminated in accordance with its terms because the aggregate proceeds received upon issuance of these senior notes exceeded the amount necessary to refinance the 2.625% Senior Notes.

Pan-Asia Borrowing Facilities

Certain of the Company's subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase in China and South Korea (the "Pan-Asia Credit Facilities"). Additionally, the Company's Japan subsidiary has an uncommitted overdraft facility with Sumitomo Mitsui Banking Corporation (the "Japan Overdraft Facility"). The Pan-Asia Credit Facilities and Japan Overdraft Facility (collectively, the "Pan-Asia Borrowing Facilities") are subject to annual renewal and may be used to fund general working capital needs of the Company's operations in the respective countries. Borrowings under the Pan-Asia Borrowing Facilities are guaranteed by the parent company and are granted at the sole discretion of the respective banks, subject to availability of the banks' funds and satisfaction of certain regulatory requirements. The Pan-Asia Borrowing Facilities do not contain any financial covenants. A summary of the Company's Pan-Asia Borrowing Facilities by country is as follows:

- China Credit Facility — provides Ralph Lauren Trading (Shanghai) Co., Ltd. with a revolving line of credit of up to 50 million Chinese Renminbi (approximately \$7 million) through April 3, 2021, which is also able to be used to support bank guarantees.
- South Korea Credit Facility — provides Ralph Lauren Korea Ltd. with a revolving line of credit of up to 30 billion South Korean Won (approximately \$26 million) through October 29, 2021.
- Japan Overdraft Facility — provides Ralph Lauren Corporation Japan with an overdraft amount of up to 5 billion Japanese Yen (approximately \$47 million) through April 30, 2021.

As of September 26, 2020, there were no borrowings outstanding under the Pan-Asia Borrowing Facilities.

Refer to Note 11 of the Fiscal 2020 10-K for additional discussion of the terms and conditions of the Company's debt and credit facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Fair Value Measurements

U.S. GAAP establishes a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy for a particular asset or liability depends on the inputs used in its valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 — inputs to the valuation methodology based on quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — inputs to the valuation methodology based on quoted prices for similar assets or liabilities in active markets for substantially the full term of the financial instrument; quoted prices for identical or similar instruments in markets that are not active for substantially the full term of the financial instrument; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3 — inputs to the valuation methodology based on unobservable prices or valuation techniques that are significant to the fair value measurement.

The following table summarizes the Company's financial assets and liabilities that are measured and recorded at fair value on a recurring basis, excluding accrued interest components:

	September 26, 2020	March 28, 2020
	(millions)	
Investments in commercial paper ^{(a)(b)}	\$ —	\$ 243.6
Derivative assets ^(a)	28.4	62.3
Derivative liabilities ^(a)	32.5	6.9

^(a) Based on Level 2 measurements.

^(b) Amounts are included within short-term investments in the consolidated balance sheet.

The Company's investments in commercial paper are classified as available-for-sale and recorded at fair value in its consolidated balance sheets using external pricing data, based on interest rates and credit ratings for similar issuances with the same remaining term as the Company's investments. To the extent the Company invests in bonds, such investments are also classified as available-for-sale and recorded at fair value in its consolidated balance sheets based on quoted prices in active markets.

The Company's derivative financial instruments are recorded at fair value in its consolidated balance sheets and are valued using pricing models that are primarily based on market observable external inputs, including spot and forward currency exchange rates, benchmark interest rates, and discount rates consistent with the instrument's tenor, and consider the impact of the Company's own credit risk, if any. Changes in counterparty credit risk are also considered in the valuation of derivative financial instruments.

The Company's cash and cash equivalents, restricted cash, and time deposits are recorded at carrying value, which generally approximates fair value based on Level 1 measurements.

The Company's debt instruments are recorded at their carrying values in its consolidated balance sheets, which may differ from their respective fair values. The fair values of the Senior Notes are estimated based on external pricing data, including available quoted market prices, and with reference to comparable debt instruments with similar interest rates, credit ratings, and trading frequency, among other factors. The fair values of the Company's commercial paper notes and borrowings outstanding under its credit facilities, if any, are estimated using external pricing data, based on interest rates and credit ratings for similar issuances with the same remaining term as the Company's outstanding borrowings. Due to their short-term nature, the fair values of the Company's commercial paper notes and borrowings outstanding under its credit facilities, if any, generally approximate their carrying values.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the carrying values and the estimated fair values of the Company's debt instruments:

	September 26, 2020		March 28, 2020	
	Carrying Value ^(a)	Fair Value ^(b)	Carrying Value ^(a)	Fair Value ^(b)
	(millions)			
\$300 million 2.625% Senior Notes	\$ —	\$ —	\$ 299.6	\$ 299.8
\$400 million 3.750% Senior Notes	396.7	450.7	396.4	415.1
\$500 million 1.700% Senior Notes	497.7	509.4	—	—
\$750 million 2.950% Senior Notes	736.6	780.5	—	—
Borrowings outstanding under credit facilities	—	—	475.0	473.0

^(a) See Note 10 for discussion of the carrying values of the Company's senior notes.

^(b) Based on Level 2 measurements.

Unrealized gains or losses resulting from changes in the fair value of the Company's debt instruments do not result in the realization or expenditure of cash, unless the debt is retired prior to its maturity.

Non-financial Assets and Liabilities

The Company's non-financial assets, which primarily consist of goodwill, other intangible assets, property and equipment, and lease-related right-of-use ("ROU") assets, are not required to be measured at fair value on a recurring basis, and instead are reported at carrying value in its consolidated balance sheet. However, on a periodic basis or whenever events or changes in circumstances indicate that they may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), the respective carrying value of non-financial assets are assessed for impairment and, if ultimately considered impaired, are adjusted and written down to their fair value, as estimated based on consideration of external market participant assumptions.

During the three-month and six-month periods ended September 26, 2020 and September 28, 2019, the Company recorded non-cash impairment charges to reduce the carrying values of certain long-lived assets to their estimated fair values. The fair values of these assets were determined based on Level 3 measurements, the related inputs of which included estimates of the amount and timing of the assets' net future discounted cash flows (including any potential sublease income for lease-related ROU assets), based on historical experience and consideration of current trends, market conditions, and comparable sales, as applicable.

The following tables summarize non-cash impairment charges recorded by the Company during the fiscal periods presented in order to reduce the carrying values of certain long-lived assets to their estimated fair values as of the assessment date:

<u>Long-Lived Asset Category</u>	Three Months Ended			
	September 26, 2020		September 28, 2019	
	Fair Value as of Impairment Date	Total Impairments	Fair Value as of Impairment Date	Total Impairments
	(millions)			
Property and equipment, net	\$ —	\$ 10.8	\$ 5.5	\$ 1.7
Operating lease right-of-use assets	33.9	20.2	19.2	4.4

<u>Long-Lived Asset Category</u>	Six Months Ended			
	September 26, 2020		September 28, 2019	
	Fair Value as of Impairment Date	Total Impairments	Fair Value as of Impairment Date	Total Impairments
	(millions)			
Property and equipment, net	\$ —	\$ 10.8	\$ 5.5	\$ 2.6
Operating lease right-of-use assets ^(a)	33.9	22.3	112.1	229.8

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(a) Total impairment charges for the six months ended September 28, 2019 includes \$225.1 million recorded in connection with the Company's adoption of ASU No. 2016-02, "Leases" as of the beginning of Fiscal 2020 which, net of related income tax benefits, reduced its opening retained earnings balance by \$169.4 million.

See Note 7 for additional discussion regarding non-cash impairment charges recorded by the Company within the consolidated statements of operations during the fiscal periods presented.

No impairment charges associated with goodwill or other intangible assets were recorded during either of the six-month periods ended September 26, 2020 or September 28, 2019. The Company performed its annual goodwill impairment assessment using a qualitative approach as of the beginning of the second quarter of Fiscal 2021. In performing the assessment, the Company identified and considered the significance of relevant key factors, events, and circumstances that affected the fair values and/or carrying amounts of its reporting units with allocated goodwill. These factors included external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as the Company's actual and expected financial performance. Additionally, the Company also considered the results of its most recent quantitative goodwill impairment test, which was performed as of the end of Fiscal 2020 and incorporated assumptions related to COVID-19 business disruptions, the results of which indicated that the fair values of these reporting units significantly exceeded their respective carrying values. Based on the results of its qualitative goodwill impairment assessment, the Company concluded that it is not more likely than not that the fair values of its reporting units are less than their respective carrying values and there were no reporting units at risk of impairment.

12. Financial Instruments

Derivative Financial Instruments

The Company is exposed to changes in foreign currency exchange rates, primarily relating to certain anticipated cash flows and the value of the reported net assets of its international operations, as well as changes in the fair value of its fixed-rate debt obligations attributed to changes in a benchmark interest rate. Accordingly, the Company uses derivative financial instruments to manage and mitigate such risks. The Company does not use derivatives for speculative or trading purposes.

The following table summarizes the Company's outstanding derivative instruments recorded on its consolidated balance sheets as of September 26, 2020 and March 28, 2020:

Derivative Instrument ^(a)	Notional Amounts		Derivative Assets				Derivative Liabilities			
	September 26, 2020	March 28, 2020	September 26, 2020		March 28, 2020		September 26, 2020		March 28, 2020	
			Balance Sheet Line ^(b)	Fair Value						
	(millions)									
Designated Hedges:										
FC — Cash flow hedges	\$ 82.5	\$ 229.0	PP	\$ 0.6	PP	\$ 7.4	AE	\$ 0.7	AE	\$ 0.4
IRS — Fixed-rate debt	—	300.0		—		—		—	AE	0.2
Net investment hedges ^(c)	717.5	683.6	ONCA	27.3	ONCA	48.6	ONCL	31.5	AE	4.0
Total Designated Hedges	800.0	1,212.6		27.9		56.0		32.2		4.6
Undesignated Hedges:										
FC — Undesignated hedges ^(d)	256.0	473.5	PP	0.5	PP	6.3	AE	0.3	AE	2.3
Total Hedges	\$ 1,056.0	\$ 1,686.1		\$ 28.4		\$ 62.3		\$ 32.5		\$ 6.9

(a) FC = Forward foreign currency exchange contracts; IRS = Interest rate swap contracts.

(b) PP = Prepaid expenses and other current assets; AE = Accrued expenses and other current liabilities; ONCA = Other non-current assets; ONCL = Other non-current liabilities.

(c) Includes cross-currency swaps designated as hedges of the Company's net investment in certain foreign operations.

(d) Relates to third-party and intercompany foreign currency-denominated exposures and balances.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company presents the fair values of its derivative assets and liabilities recorded on its consolidated balance sheets on a gross basis, even when they are subject to master netting arrangements. However, if the Company were to offset and record the asset and liability balances of all of its derivative instruments on a net basis in accordance with the terms of each of its master netting arrangements, spread across ten separate counterparties, the amounts presented in the consolidated balance sheets as of September 26, 2020 and March 28, 2020 would be adjusted from the current gross presentation as detailed in the following table:

	September 26, 2020			March 28, 2020		
	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Agreements	Net Amount	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Agreements	Net Amount
	(millions)					
Derivative assets	\$ 28.4	\$ (0.7)	\$ 27.7	\$ 62.3	\$ (6.1)	\$ 56.2
Derivative liabilities	32.5	(0.7)	31.8	6.9	(6.1)	0.8

The Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties. See Note 3 for further discussion of the Company's master netting arrangements.

The following tables summarize the pretax impact of gains and losses from the Company's designated derivative instruments on its consolidated financial statements for the three-month and six-month periods ended September 26, 2020 and September 28, 2019:

	Gains (Losses) Recognized in OCI			
	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Designated Hedges:				
FC — Cash flow hedges	\$ (3.6)	\$ 20.0	\$ (6.6)	\$ 15.6
Net investment hedges — effective portion	(25.0)	27.1	(24.3)	17.1
Net investment hedges — portion excluded from assessment of hedge effectiveness	(4.5)	2.7	(21.3)	5.2
Total Designated Hedges	<u>\$ (33.1)</u>	<u>\$ 49.8</u>	<u>\$ (52.2)</u>	<u>\$ 37.9</u>

	Location and Amount of Gains (Losses) from Cash Flow Hedges Reclassified from AOCI to Earnings							
	Three Months Ended				Six Months Ended			
	September 26, 2020		September 28, 2019		September 26, 2020		September 28, 2019	
	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net	Cost of goods sold	Other income (expense), net
	(millions)							
Total amounts presented in the consolidated statements of operations in which the effects of related cash flow hedges are recorded	\$ (394.1)	\$ 1.8	\$ (657.2)	\$ (1.7)	\$ (532.9)	\$ 3.9	\$ (1,165.2)	\$ (5.8)
Effects of cash flow hedging:								
FC — Cash flow hedges	4.8	—	4.4	0.2	6.5	(0.3)	10.6	0.4

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Gains (Losses) from Net Investment Hedges Recognized in Earnings				Location of Gains (Losses) Recognized in Earnings
	Three Months Ended		Six Months Ended		
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	
	(millions)				
Net Investment Hedges					
Net investment hedges — portion excluded from assessment of hedge effectiveness ^(a)	\$ 2.9	\$ 4.8	\$ 5.6	\$ 9.8	Interest expense
Total Net Investment Hedges	\$ 2.9	\$ 4.8	\$ 5.6	\$ 9.8	

(a) Amounts recognized in other comprehensive income (loss) ("OCI") relating to the effective portion of the Company's net investment hedges would be recognized in earnings only upon the sale or liquidation of the hedged net investment.

As of September 26, 2020, it is estimated that \$7.8 million of pretax net gains on both outstanding and matured derivative instruments designated and qualifying as cash flow hedges deferred in AOCI will be recognized in earnings over the next twelve months. Amounts ultimately recognized in earnings will depend on exchange rates in effect when outstanding derivative instruments are settled.

The following table summarizes the pretax impact of gains and losses from the Company's undesignated derivative instruments on its consolidated financial statements for the three-month and six-month periods ended September 26, 2020 and September 28, 2019:

	Gains (Losses) Recognized in Earnings				Location of Gains (Losses) Recognized in Earnings
	Three Months Ended		Six Months Ended		
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	
	(millions)				
Undesignated Hedges:					
FC — Undesignated hedges	\$ (0.8)	\$ 3.2	\$ 3.9	\$ 5.1	Other income (expense), net
Total Undesignated Hedges	\$ (0.8)	\$ 3.2	\$ 3.9	\$ 5.1	

Risk Management Strategies

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to mitigate its risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, the settlement of foreign currency-denominated balances, and the translation of certain foreign operations' net assets into U.S. dollars. As part of its overall strategy for managing the level of exposure to such exchange rate risk, relating primarily to the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, the Swiss Franc, and the Chinese Renminbi, the Company generally hedges a portion of its related exposures anticipated over the next twelve months using forward foreign currency exchange contracts with maturities of two months to one year to provide continuing coverage over the period of the respective exposure.

Interest Rate Swap Contracts

The Company periodically designates pay-floating rate, receive-fixed rate interest rate swap contracts as hedges against changes in the fair value of its fixed-rate debt attributed to changes in a benchmark interest rate. To the extent of their notional amount, such contracts effectively swap the fixed interest rate on certain of the Company's fixed-rate senior notes for a variable interest rate based on the 3-month London Interbank Offered Rate ("LIBOR") plus a fixed spread. Changes in the fair value of the Company's interest rate swap contracts were offset by changes in the fair value of the corresponding senior notes attributed to changes in the benchmark interest rate, with no resulting net impact reflected in earnings during any of the fiscal periods presented. The following table summarizes the carrying value of the hedged senior notes and the impacts of the related fair value hedging adjustments as of September 26, 2020 and March 28, 2020:

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Hedged Item	Balance Sheet Line in which the Hedged Item is Included	Carrying Value of the Hedged Item		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Value of the Hedged Item	
		September 26, 2020	March 28, 2020	September 26, 2020	March 28, 2020
(millions)					
\$300 million 2.625% Senior Notes ^(a)	Current portion of long-term debt	N/A	\$ 299.6	N/A	\$ (0.2)

(a) The interest rate swap contract designated as a fair value hedge of the Company's 2.625% Senior Notes was settled during the six months ended September 26, 2020 at a loss of \$0.3 million.

Cross-Currency Swap Contracts

The Company periodically designates (i) pay-floating rate, receive-floating rate cross-currency swap contracts or (ii) pay-fixed rate, receive fixed-rate cross-currency swap contracts as hedges of its net investment in certain of its European subsidiaries.

The Company's pay-floating rate, receive-floating rate cross-currency swap contracts swap U.S. Dollar-denominated variable interest rate payments based on the contract's notional amount and 3-month LIBOR plus a fixed spread (as paid under a corresponding interest rate swap contract discussed above) for Euro-denominated variable interest rate payments based on 3-month Euro Interbank Offered Rate ("EURIBOR") plus a fixed spread, which, in combination with the corresponding interest rate swap contract, economically converts a portion of the Company's fixed-rate US-denominated senior note obligations to floating-rate Euro-denominated obligations.

The Company's pay-fixed rate, receive-fixed rate cross-currency swap contracts swap U.S. Dollar-denominated fixed interest rate payments based on the contract's notional amount and the fixed rate of interest payable on certain of the Company's senior notes for Euro-denominated fixed interest rate payments, thereby economically converting a portion of its fixed-rate US-denominated senior note obligations to fixed rate Euro-denominated obligations.

See Note 3 for further discussion of the Company's accounting policies relating to its derivative financial instruments.

Investments

As of September 26, 2020, the Company's investments were all classified as short-term and consisted of \$434.1 million of time deposits. The Company's investments as of March 28, 2020 were also all classified as short-term and consisted of \$252.3 million of time deposits and \$243.6 million of commercial paper.

No significant realized or unrealized gains or losses on available-for-sale investments or impairment charges were recorded during any of the fiscal periods presented.

Refer to Note 3 of the Fiscal 2020 10-K for further discussion of the Company's accounting policies relating to its investments.

13. Commitments and Contingencies

The Company is involved, from time to time, in litigation, other legal claims, and proceedings involving matters associated with or incidental to its business, including, among other things, matters involving credit card fraud, trademark and other intellectual property, licensing, importation and exportation of its products, taxation, unclaimed property, and employee relations. The Company believes at present that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on its consolidated financial statements. However, the Company's assessment of any current litigation or other legal claims could potentially change in light of the discovery of facts not presently known or determinations by judges, juries, or other finders of fact which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

In the normal course of business, the Company enters into agreements that provide general indemnifications. The Company has not made any significant indemnification payments under such agreements in the past and does not currently anticipate incurring any material indemnification payments.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Equity

Class B Common Stock Conversion

During the six months ended September 28, 2019, the Lauren Family, L.L.C., a limited liability company managed by the children of Mr. Ralph Lauren, converted 1.0 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security. These conversions occurred in advance of a sales plan providing for the sale of such shares of Class A common stock pursuant to Rule 10b5-1 subject to the conditions set forth therein. These transactions resulted in a reclassification within equity and had no effect on the Company's consolidated balance sheet.

Common Stock Repurchase Program

A summary of the Company's repurchases of Class A common stock under its common stock repurchase program is as follows:

	Six Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
Cost of shares repurchased	\$ —	\$ 400.0
Number of shares repurchased	—	4.0

On May 13, 2019, the Company's Board of Directors approved an expansion of the Company's existing common stock repurchase program that allowed it to repurchase up to an additional \$600 million of Class A common stock. As of September 26, 2020, the remaining availability under the Company's Class A common stock repurchase program was approximately \$580 million. Repurchases of shares of Class A common stock are subject to certain restrictions under the Company's Global Credit Facility and more generally overall business and market conditions. Accordingly, as a result of current business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 the Company temporarily suspended its common stock repurchase program as a preemptive action to preserve cash and strengthen its liquidity position.

In addition, during the six-month periods ended September 26, 2020 and September 28, 2019, 0.5 million and 0.4 million shares of Class A common stock, respectively, at a cost of \$35.5 million and \$42.7 million, respectively, were surrendered to or withheld by the Company in satisfaction of withholding taxes in connection with the vesting of awards under the Company's long-term stock incentive plans.

Repurchased and surrendered shares are accounted for as treasury stock at cost and held in treasury for future use.

Dividends

Except as discussed below, the Company has maintained a regular quarterly cash dividend program on its common stock since 2003. On May 13, 2019, the Company's Board of Directors approved an increase to the Company's quarterly cash dividend on its common stock from \$0.625 to \$0.6875 per share.

As a result of current business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 the Company temporarily suspended its quarterly cash dividend program as a preemptive action to preserve cash and strengthen its liquidity position. Any decision to declare and pay dividends in the future will be made at the discretion of the Company's Board of Directors and will depend on the Company's results of operations, cash requirements, financial condition, and other factors that the Board of Directors may deem relevant, including economic and market conditions.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Accumulated Other Comprehensive Income (Loss)

The following table presents OCI activity, net of tax, accumulated in equity:

	Foreign Currency Translation Gains (Losses) ^(a)	Net Unrealized Gains (Losses) on Cash Flow Hedges ^(b)	Net Unrealized Gains (Losses) on Defined Benefit Plans ^(c)	Total Accumulated Other Comprehensive Income (Loss)
(millions)				
Balance at March 28, 2020	\$ (130.4)	\$ 18.0	\$ (5.8)	\$ (118.2)
Other comprehensive income (loss), net of tax:				
OCI before reclassifications	30.3	(5.8)	(0.3)	24.2
Amounts reclassified from AOCI to earnings	—	(5.5)	—	(5.5)
Other comprehensive income (loss), net of tax	30.3	(11.3)	(0.3)	18.7
Balance at September 26, 2020	\$ (100.1)	\$ 6.7	\$ (6.1)	\$ (99.5)
Balance at March 30, 2019	\$ (118.5)	\$ 20.2	\$ (5.1)	\$ (103.4)
Other comprehensive income (loss), net of tax:				
OCI before reclassifications	(11.0)	13.8	0.1	2.9
Amounts reclassified from AOCI to earnings	(4.9)	(9.9)	(0.1)	(14.9)
Other comprehensive income (loss), net of tax	(15.9)	3.9	—	(12.0)
Balance at September 28, 2019	\$ (134.4)	\$ 24.1	\$ (5.1)	\$ (115.4)

- (a) OCI before reclassifications to earnings related to foreign currency translation gains (losses) includes an income tax benefit of \$11.2 million and an income tax provision of \$4.3 million for the six-month periods ended September 26, 2020 and September 28, 2019, respectively. OCI before reclassifications to earnings for the six-month periods ended September 26, 2020 and September 28, 2019 include a loss of \$34.8 million (net of a \$10.8 million income tax benefit) and a gain of \$17.0 million (net of a \$5.3 million income tax provision), respectively, related to changes in the fair values of instruments designated as hedges of the Company's net investment in certain foreign operations (see Note 12). Amounts reclassified from AOCI to earnings related to foreign currency translation gains (losses) for the six months ended September 28, 2019 relate to the reclassification to retained earnings of income tax effects stranded in AOCI.
- (b) OCI before reclassifications to earnings related to net unrealized gains (losses) on cash flow hedges are presented net of an income tax benefit of \$0.8 million and an income tax provision of \$1.8 million for the six-month periods ended September 26, 2020 and September 28, 2019, respectively. The tax effects on amounts reclassified from AOCI to earnings are presented in a table below.
- (c) Activity is presented net of taxes, which were immaterial for both periods presented.

The following table presents reclassifications from AOCI to earnings for cash flow hedges, by component:

	Three Months Ended		Six Months Ended		Location of Gains (Losses) Reclassified from AOCI to Earnings
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019	
(millions)					
Gains (losses) on cash flow hedges^(a):					
FC — Cash flow hedges	\$ 4.8	\$ 4.4	\$ 6.5	\$ 10.6	Cost of goods sold
FC — Cash flow hedges	—	0.2	(0.3)	0.4	Other income (expense), net
Tax effect	(0.5)	(0.5)	(0.7)	(1.1)	Income tax benefit (provision)
Net of tax	\$ 4.3	\$ 4.1	\$ 5.5	\$ 9.9	

- (a) FC = Forward foreign currency exchange contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Stock-based Compensation

The Company's stock-based compensation awards are currently issued under the 2019 Incentive Plan, which was approved by its stockholders on August 1, 2019. However, any prior awards granted under either the Company's 2010 Incentive Plan or 1997 Incentive Plan remain subject to the terms of those plans as applicable. Any awards that expire, are forfeited, or are surrendered to the Company in satisfaction of taxes are available for issuance under the 2019 Incentive Plan.

Refer to Note 18 of the Fiscal 2020 10-K for a detailed description of the Company's stock-based compensation awards, including information related to vesting terms, service, performance, and market conditions and payout percentages.

Impact on Results

A summary of total stock-based compensation expense and the related income tax benefits recognized during the three-month and six-month periods ended September 26, 2020 and September 28, 2019 is as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Compensation expense	\$ 19.5	\$ 27.8 ^(a)	\$ 34.6	\$ 50.8 ^(a)
Income tax benefit	(3.6)	(4.1)	(6.7)	(7.7)

^(a) Includes \$3.6 million of accelerated stock-based compensation expense recorded within restructuring and other charges in the consolidated statements of operations during the second quarter of Fiscal 2020 (see Note 8). All other stock-based compensation expense was recorded within SG&A expenses.

The Company issues its annual grants of stock-based compensation awards in the first half of each fiscal year. Due to the timing of the annual grants and other factors, including the timing and magnitude of forfeiture and performance goal achievement adjustments, as well as changes to the size and composition of the eligible employee population, stock-based compensation expense recognized during any given fiscal period is not indicative of the level of compensation expense expected to be incurred in future periods.

Restricted Stock Awards and Service-based RSUs

Restricted stock awards were granted to non-employee directors prior to Fiscal 2019. Effective beginning Fiscal 2019, non-employee directors are now granted service-based RSUs in lieu of restricted shares.

The fair values of service-based RSUs granted to certain of the Company's senior executives and other employees, as well as non-employee directors, are based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for any awards for which dividend equivalent amounts do not accrue while outstanding and unvested. The weighted-average grant date fair values of service-based RSU awards granted were \$63.57 and \$102.65 per share during the six-month periods ended September 26, 2020 and September 28, 2019, respectively.

A summary of restricted stock and service-based RSU activity during the six months ended September 26, 2020 is as follows:

	Number of Shares/Units	
	Restricted Stock	Service-based RSUs
	(thousands)	
Unvested at March 28, 2020	4	1,094
Granted	—	1,322
Vested	(4)	(443)
Forfeited	—	(33)
Unvested at September 26, 2020	—	1,940

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Performance-based RSUs

The fair values of the Company's performance-based RSUs granted to its senior executives and other key employees are based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for any awards for which dividend equivalent amounts do not accrue while outstanding and unvested. The weighted-average grant date fair values of performance-based RSUs granted was \$83.16 per share during the six months ended September 28, 2019. No such awards were granted during the six months ended September 26, 2020 as the Company has elected to temporarily issue service-based RSUs in lieu of performance-based RSUs as a result of business disruptions and uncertainty created by the COVID-19 pandemic.

A summary of performance-based RSU activity during the six months ended September 26, 2020 is as follows:

	Number of Performance-based RSUs
	(thousands)
Unvested at March 28, 2020	934
Granted	—
Change due to performance condition achievement	185
Vested	(720)
Forfeited	(27)
Unvested at September 26, 2020	372

Market-based RSUs

The Company grants market-based RSUs, which are based on TSR performance, to its senior executives and other key employees. The Company estimates the fair value of its TSR awards on the date of grant using a Monte Carlo simulation, which models multiple stock price paths of the Company's Class A common stock and that of its peer group to evaluate and determine its ultimate expected relative TSR performance ranking. Compensation expense, net of estimated forfeitures, is recorded regardless of whether, and the extent to which, the market condition is ultimately satisfied.

The weighted-average grant date fair values of market-based RSUs granted was \$90.59 per share during the six months ended September 28, 2019. No such awards were granted during the six months ended September 26, 2020 as the Company has elected to temporarily issue service-based RSUs in lieu of market-based RSUs as a result of business disruptions and uncertainty created by the COVID-19 pandemic. The assumptions used to estimate the fair value of TSR awards granted during the six months ended September 28, 2019 were as follows:

	Six Months Ended September 28, 2019
Expected term (years)	2.6
Expected volatility	31.4%
Expected dividend yield	3.2%
Risk-free interest rate	1.4%

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of market-based RSU activity during the six months ended September 26, 2020 is as follows:

	Number of Market-based RSUs (thousands)
Unvested at March 28, 2020	234
Granted	—
Change due to market condition achievement	—
Vested	—
Forfeited	—
Unvested at September 26, 2020	234

Stock Options

A summary of stock option activity under all plans during the six months ended September 26, 2020 is as follows:

	Number of Options (thousands)
Options outstanding at March 28, 2020	518
Granted	—
Exercised	—
Cancelled/Forfeited	(247)
Options outstanding at September 26, 2020	271

17. Segment Information

The Company has three reportable segments based on its business activities and organization:

- *North America* — The North America segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in the U.S. and Canada, excluding Club Monaco. In North America, the Company's retail business is primarily comprised of its Ralph Lauren stores, its factory stores, and its digital commerce site, www.RalphLauren.com. The Company's wholesale business in North America is comprised primarily of sales to department stores, and to a lesser extent, specialty stores.
- *Europe* — The Europe segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in Europe, the Middle East, and Latin America, excluding Club Monaco. In Europe, the Company's retail business is primarily comprised of its Ralph Lauren stores, its factory stores, its concession-based shop-within-shops, and its various digital commerce sites. The Company's wholesale business in Europe is comprised of a varying mix of sales to both department stores and specialty stores, depending on the country, as well as to various third-party digital partners.
- *Asia* — The Asia segment primarily consists of sales of Ralph Lauren branded apparel, footwear, accessories, home furnishings, and related products made through the Company's retail and wholesale businesses in Asia, Australia, and New Zealand. The Company's retail business in Asia is primarily comprised of its Ralph Lauren stores, its factory stores, its concession-based shop-within-shops, and its various digital commerce sites. In addition, the Company sells its products online through various third-party digital partner commerce sites. In Asia, the Company's wholesale business is comprised primarily of sales to department stores, with related products distributed through shop-within-shops.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

No operating segments were aggregated to form the Company's reportable segments. In addition to these reportable segments, the Company also has other non-reportable segments, which primarily consist of (i) sales of Club Monaco branded products made through its retail and wholesale businesses in the U.S., Canada, and Europe, and its licensing alliances in Europe and Asia, and (ii) royalty revenues earned through its global licensing alliances, excluding Club Monaco.

The Company's segment reporting structure is consistent with how it establishes its overall business strategy, allocates resources, and assesses performance of its business. The accounting policies of the Company's segments are consistent with those described in Notes 2 and 3 of the Fiscal 2020 10-K. Sales and transfers between segments are generally recorded at cost and treated as transfers of inventory. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance. Each segment's performance is evaluated based upon net revenues and operating income before restructuring-related charges, impairment of assets, and certain other one-time items, if any. Certain corporate overhead expenses related to global functions, most notably the Company's executive office, information technology, finance and accounting, human resources, and legal departments, largely remain at corporate. Additionally, other costs that cannot be allocated to the segments based on specific usage are also maintained at corporate, including corporate advertising and marketing expenses, depreciation and amortization of corporate assets, and other general and administrative expenses resulting from corporate-level activities and projects.

Net revenues and operating income (loss) for each of the Company's segments are as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(millions)				
Net revenues:				
North America	\$ 542.9	\$ 881.2	\$ 708.0	\$ 1,600.6
Europe	359.5	480.2	480.2	841.0
Asia	236.6	255.3	408.5	513.9
Other non-reportable segments	54.5	89.5	84.3	179.5
Total net revenues	\$ 1,193.5	\$ 1,706.2	\$ 1,681.0	\$ 3,135.0

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(millions)				
Operating income (loss)^(a):				
North America	\$ 123.3	\$ 192.4	\$ 98.5	\$ 342.5
Europe	83.6	140.6	66.7	220.0
Asia	41.1	40.9	51.2	89.0
Other non-reportable segments	15.2	22.8	16.1	55.7
	263.2	396.7	232.5	707.2
Unallocated corporate expenses	(123.0)	(149.1)	(253.3)	(286.7)
Unallocated restructuring and other charges ^(b)	(160.5)	(14.5)	(167.5)	(44.1)
Total operating income (loss)	\$ (20.3)	\$ 233.1	\$ (188.3)	\$ 376.4

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (a) Segment operating income (loss) during the three months ended September 26, 2020 reflects net bad debt expense reversals of \$5.3 million, \$3.0 million, and \$0.6 million related to North America, Europe, and other non-reportable segments, respectively, and \$20.8 million, \$4.0 million, and \$0.6 million related to North America, Europe, and other non-reportable segments, respectively, during the six months ended September 26, 2020, primarily related to adjustments to reserves previously established in connection with COVID-19 business disruptions. Segment operating income (loss) and unallocated corporate expenses during the three-month and six-month periods ended September 26, 2020 and September 28, 2019 also included asset impairment charges (see Note 7), which are detailed below:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(millions)				
Asset impairment charges:				
North America	\$ (9.7)	\$ —	\$ (9.9)	\$ —
Europe	(21.2)	—	(21.2)	—
Asia	—	—	(1.3)	—
Other non-reportable segments	(0.1)	(3.8)	(0.7)	(3.8)
Unallocated corporate expenses	—	(2.3)	—	(3.5)
Total asset impairment charges	<u>\$ (31.0)</u>	<u>\$ (6.1)</u>	<u>\$ (33.1)</u>	<u>\$ (7.3)</u>

- (b) The three-month and six-month periods ended September 26, 2020 and September 28, 2019 included certain unallocated restructuring and other charges (see Note 8), which are detailed below:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(millions)				
Unallocated restructuring and other charges:				
North America-related	\$ (41.2)	\$ —	\$ (41.3)	\$ (0.7)
Europe-related	(26.3)	(1.3)	(26.3)	(3.1)
Asia-related	(10.1)	(0.3)	(9.9)	(0.8)
Other non-reportable segment-related	(0.7)	(0.7)	(1.8)	(0.7)
Corporate operations-related	(79.3)	(10.8)	(80.9)	(14.8)
Unallocated restructuring charges	(157.6)	(13.1)	(160.2)	(20.1)
Other charges (see Note 8)	(2.9)	(1.4)	(7.3)	(24.0)
Total unallocated restructuring and other charges	<u>\$ (160.5)</u>	<u>\$ (14.5)</u>	<u>\$ (167.5)</u>	<u>\$ (44.1)</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Depreciation and amortization expense for the Company's segments is as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Depreciation and amortization expense:				
North America	\$ 17.6	\$ 18.6	\$ 35.7	\$ 37.5
Europe	8.1	7.7	15.8	15.3
Asia	14.4	14.7	28.6	29.7
Other non-reportable segments	1.0	1.5	2.1	2.8
Unallocated corporate	20.4	24.1	43.0	47.5
Total depreciation and amortization expense	\$ 61.5	\$ 66.6	\$ 125.2	\$ 132.8

Net revenues by geographic location of the reporting subsidiary are as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Net revenues^(a):				
The Americas ^(b)	\$ 597.8	\$ 972.6	\$ 792.5	\$ 1,783.0
Europe ^(c)	358.8	478.0	479.7	837.5
Asia ^(d)	236.9	255.6	408.8	514.5
Total net revenues	\$ 1,193.5	\$ 1,706.2	\$ 1,681.0	\$ 3,135.0

- (a) Net revenues for certain of the Company's licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.
- (b) Includes the U.S., Canada, and Latin America. Net revenues earned in the U.S. during the three-month and six-month periods ended September 26, 2020 were \$567.7 million and \$753.8 million, respectively, and \$911.1 million and \$1.671 billion during the three-month and six-month periods ended September 28, 2019, respectively.
- (c) Includes the Middle East.
- (d) Includes Australia and New Zealand.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Additional Financial Information

Reconciliation of Cash, Cash Equivalents, and Restricted Cash

A reconciliation of cash, cash equivalents, and restricted cash as of September 26, 2020 and March 28, 2020 from the consolidated balance sheets to the consolidated statements of cash flows is as follows:

	September 26, 2020	March 28, 2020
	(millions)	
Cash and cash equivalents	\$ 2,012.0	\$ 1,620.4
Restricted cash included within prepaid expenses and other current assets	1.5	1.4
Restricted cash included within other non-current assets	8.3	8.0
Total cash, cash equivalents, and restricted cash	\$ 2,021.8	\$ 1,629.8

Restricted cash relates to cash held in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters and real estate leases.

Cash Interest and Taxes

Cash paid for interest and income taxes is as follows:

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Cash paid for interest	\$ 7.8	\$ 5.4	\$ 11.1	\$ 7.8
Cash paid for income taxes, net of refunds	46.8	59.8	27.9	82.1

Non-cash Transactions

Operating and finance lease ROU assets recorded in connection with the recognition of new lease liabilities were \$26.6 million and \$0.9 million during the six months ended September 26, 2020, respectively, and \$263.6 million and \$64.0 million, respectively, during the six months ended September 28, 2019, respectively.

Non-cash investing activities also included capital expenditures incurred but not yet paid of \$27.4 million and \$55.3 million for the six-month periods ended September 26, 2020 and September 28, 2019, respectively.

Non-cash financing activities during the six months ended September 28, 2019 included the conversion of 1.0 million shares of Class B common stock into an equal number of shares of Class A common stock, as discussed in Note 14.

There were no other significant non-cash investing or financing activities for any of the fiscal periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Special Note Regarding Forward-Looking Statements

Various statements in this Form 10-Q, or incorporated by reference into this Form 10-Q, in future filings by us with the Securities and Exchange Commission (the "SEC"), in our press releases, and in oral statements made from time to time by us or on our behalf constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, statements regarding our future operating results and sources of liquidity (especially in light of the COVID-19 pandemic), the impact of our strategic plans, initiatives and capital expenses, and our ability to meet environmental, social, and governance goals. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "outlook," "estimate," "expect," "project," "believe," "envision," "goal," "target," "can," "will," and similar words or phrases and involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed in or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others:

- the loss of key personnel, including Mr. Ralph Lauren, or other changes in our executive and senior management team or to our operating structure, including those resulting from our decision to significantly reduce our global workforce by the end of Fiscal 2021, and our ability to effectively transfer knowledge and maintain adequate controls and procedures during periods of transition;
- the impact to our business resulting from the COVID-19 pandemic, including periods of reduced operating hours and capacity limits and/or temporary closure of our stores, distribution centers, and corporate facilities, as well as those of our wholesale customers, licensing partners, suppliers, and vendors, and potential changes to consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in shopping centers or other populated locations;
- our ability to achieve anticipated operating enhancements and cost reductions from our restructuring plans, as well as the impact to our business resulting from restructuring-related charges, which may be dilutive to our earnings in the short term;
- the impact to our business resulting from potential costs and obligations related to the early or temporary closure of our stores or termination of our long-term, non-cancellable leases;
- uncertainty surrounding the ultimate outcomes of the 2020 U.S. presidential and congressional elections and their potential impact on the economy, including the potential for business disruptions resulting from any subsequent protests, and the potential impact to consumer demand and our business resulting from any significant changes in legislation, policies, and regulations, including, but not limited to, labor, taxation, monetary policies, government stimulus, trade agreements, and healthcare;
- our ability to access capital markets and maintain compliance with covenants associated with our existing debt instruments;
- our ability to maintain adequate levels of liquidity to provide for our cash needs, including our debt obligations, tax obligations, capital expenditures, and potential payment of dividends and repurchases of our Class A common stock, as well as the ability of our customers, suppliers, vendors, and lenders to access sources of liquidity to provide for their own cash needs;
- the impact to our business resulting from changes in consumers' ability, willingness, or preferences to purchase discretionary items and luxury retail products, which tends to decline during recessionary periods, and our ability to accurately forecast consumer demand, the failure of which could result in either a build-up or shortage of inventory;
- the impact of economic, political, and other conditions on us, our customers, suppliers, vendors, and lenders, including business disruptions related to pandemic diseases such as COVID-19, civil and political unrest such as the recent protests in the U.S. and Hong Kong, and escalating diplomatic tensions between the U.S. and China;
- the potential impact to our business resulting from the financial difficulties of certain of our large wholesale customers, which may result in consolidations, liquidations, restructurings, and other ownership changes in the retail industry, as well as other changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors;
- our ability to successfully implement our long-term growth strategy;

- our ability to continue to expand and grow our business internationally and the impact of related changes in our customer, channel, and geographic sales mix as a result, as well as our ability to accelerate growth in certain product categories;
- our ability to open new retail stores and concession shops, as well as enhance and expand our digital footprint and capabilities, all in an effort to expand our direct-to-consumer presence;
- our ability to respond to constantly changing fashion and retail trends and consumer demands in a timely manner, develop products that resonate with our existing customers and attract new customers, and execute marketing and advertising programs that appeal to consumers;
- our ability to effectively manage inventory levels and the increasing pressure on our margins in a highly promotional retail environment;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- our ability to competitively price our products and create an acceptable value proposition for consumers;
- a variety of legal, regulatory, tax, political, and economic risks, including risks related to the importation and exportation of products which our operations are currently subject to, or may become subject to as a result of potential changes in legislation, and other risks associated with our international operations, such as compliance with the Foreign Corrupt Practices Act or violations of other anti-bribery and corruption laws prohibiting improper payments, and the burdens of complying with a variety of foreign laws and regulations, including tax laws, trade and labor restrictions, and related laws that may reduce the flexibility of our business;
- the potential impact to our business resulting from the imposition of additional duties, tariffs, taxes, and other charges or barriers to trade, including those resulting from trade developments with China and the related impact to global stock markets, as well as our ability to implement mitigating sourcing strategies;
- the impact to our business resulting from the United Kingdom's exit from the European Union and the uncertainty surrounding its future relationship with the European Union, including trade agreements, as well as the related impact to global stock markets and currency exchange rates;
- the impact to our business resulting from increases in the costs of raw materials, transportation, and labor, including wages, healthcare, and other benefit-related costs;
- our ability and the ability of our third-party service providers to secure our respective facilities and systems from, among other things, cybersecurity breaches, acts of vandalism, computer viruses, ransomware, or similar Internet or email events;
- our efforts to successfully enhance, upgrade, and/or transition our global information technology systems and digital commerce platforms;
- the potential impact to our business if any of our distribution centers were to become inoperable or inaccessible;
- the potential impact on our operations and on our suppliers and customers resulting from man-made or natural disasters, including pandemic diseases such as COVID-19, severe weather, geological events, and other catastrophic events;
- changes in our tax obligations and effective tax rate due to a variety of other factors, including potential changes in U.S. or foreign tax laws and regulations, accounting rules, or the mix and level of earnings by jurisdiction in future periods that are not currently known or anticipated;
- our exposure to currency exchange rate fluctuations from both a transactional and translational perspective;
- the impact to our business of events of unrest and instability that are currently taking place in certain parts of the world, as well as from any terrorist action, retaliation, and the threat of further action or retaliation;
- the potential impact to the trading prices of our securities if our Class A common stock share repurchase activity and/or cash dividend payments differ from investors' expectations;
- our ability to maintain our credit profile and ratings within the financial community;

- our intention to introduce new products or brands, or enter into or renew alliances;
- changes in the business of, and our relationships with, major wholesale customers and licensing partners;
- our ability to achieve our goals regarding environmental, social, and governance practices; and
- our ability to make certain strategic acquisitions and successfully integrate the acquired businesses into our existing operations.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is included in our Annual Report on Form 10-K for the fiscal year ended March 28, 2020 (the "Fiscal 2020 10-K"). There are no material changes to such risk factors, nor have we identified any previously undisclosed risks that could materially adversely affect our business, operating results, and/or financial condition, as set forth in Part II, Item 1A — "*Risk Factors*" of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

In this Form 10-Q, references to "Ralph Lauren," "ourselves," "we," "our," "us," and the "Company" refer to Ralph Lauren Corporation and its subsidiaries, unless the context indicates otherwise. We utilize a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2021 will end on March 27, 2021 and will be a 52-week period ("Fiscal 2021"). Fiscal year 2020 ended on March 28, 2020 and was also a 52-week period ("Fiscal 2020"). The second quarter of Fiscal 2021 ended on September 26, 2020 and was a 13-week period. The second quarter of Fiscal 2020 ended on September 28, 2019 and was also a 13-week period.

INTRODUCTION

Management's discussion and analysis of financial condition and results of operations ("MD&A") is provided as a supplement to the accompanying consolidated financial statements and notes thereto to help provide an understanding of our results of operations, financial condition, and liquidity. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, global economic conditions and industry trends, and a summary of our financial performance for the three-month and six-month periods ended September 26, 2020. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three-month and six-month periods ended September 26, 2020 as compared to the three-month and six-month periods ended September 28, 2019.
- *Financial condition and liquidity.* This section provides a discussion of our financial condition and liquidity as of September 26, 2020, which includes (i) an analysis of our financial condition as compared to the prior fiscal year-end; (ii) an analysis of changes in our cash flows for the six months ended September 26, 2020 as compared to the six months ended September 28, 2019; (iii) an analysis of our liquidity, including the availability under our commercial paper borrowing program and credit facilities, our outstanding debt and covenant compliance, common stock repurchases, and payments of dividends; and (iv) a description of any material changes in our contractual and other obligations since March 28, 2020.
- *Market risk management.* This section discusses any significant changes in our risk exposures related to foreign currency exchange rates, interest rates, and our investments since March 28, 2020.
- *Critical accounting policies.* This section discusses any significant changes in our critical accounting policies since March 28, 2020. Critical accounting policies typically require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 3 of the Fiscal 2020 10-K.
- *Recently issued accounting standards.* This section discusses the potential impact on our reported results of operations and financial condition of certain accounting standards that have been recently issued.

OVERVIEW

Our Business

Our Company is a global leader in the design, marketing, and distribution of premium lifestyle products, including apparel, footwear, accessories, home furnishings, fragrances, and hospitality. Our long-standing reputation and distinctive image have been developed across an expanding number of products, brands, sales channels, and international markets. Our brand names include Ralph Lauren, Ralph Lauren Collection, Ralph Lauren Purple Label, Polo Ralph Lauren, Double RL, Lauren Ralph Lauren, Polo Ralph Lauren Children, Chaps, and Club Monaco, among others.

We diversify our business by geography (North America, Europe, and Asia, among other regions) and channel of distribution (retail, wholesale, and licensing). This allows us to maintain a dynamic balance as our operating results do not depend solely on the performance of any single geographic area or channel of distribution. We sell directly to consumers through our integrated retail channel, which includes our retail stores, concession-based shop-within-shops, and digital commerce operations around the world. Our wholesale sales are made principally to major department stores, specialty stores, and third-party digital partners around the world, as well as to certain third party-owned stores to which we have licensed the right to operate in defined geographic territories using our trademarks. In addition, we license to third parties for specified periods the right to access our various trademarks in connection with the licensees' manufacture and sale of designated products, such as certain apparel, eyewear, fragrances, and home furnishings.

We organize our business into the following three reportable segments:

- *North America* — Our North America segment, representing approximately 51% of our Fiscal 2020 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in the U.S. and Canada, excluding Club Monaco. In North America, our retail business is primarily comprised of our Ralph Lauren stores, our factory stores, and our digital commerce site, www.RalphLauren.com. Our wholesale business in North America is comprised primarily of sales to department stores, and to a lesser extent, specialty stores.
- *Europe* — Our Europe segment, representing approximately 26% of our Fiscal 2020 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in Europe, the Middle East, and Latin America, excluding Club Monaco. In Europe, our retail business is primarily comprised of our Ralph Lauren stores, our factory stores, our concession-based shop-within-shops, and our various digital commerce sites. Our wholesale business in Europe is comprised of a varying mix of sales to both department stores and specialty stores, depending on the country, as well as to various third-party digital partners.
- *Asia* — Our Asia segment, representing approximately 17% of our Fiscal 2020 net revenues, primarily consists of sales of our Ralph Lauren branded products made through our retail and wholesale businesses in Asia, Australia, and New Zealand. Our retail business in Asia is primarily comprised of our Ralph Lauren stores, our factory stores, our concession-based shop-within-shops, and our various digital commerce sites. In addition, we sell our products online through various third-party digital partner commerce sites. In Asia, our wholesale business is comprised primarily of sales to department stores, with related products distributed through shop-within-shops.

No operating segments were aggregated to form our reportable segments. In addition to these reportable segments, we also have other non-reportable segments, representing approximately 6% of our Fiscal 2020 net revenues, which primarily consist of (i) sales of Club Monaco branded products made through our retail and wholesale businesses in the U.S., Canada, and Europe, and our licensing alliances in Europe and Asia, and (ii) royalty revenues earned through our global licensing alliances, excluding Club Monaco.

Approximately 46% of our Fiscal 2020 net revenues were earned outside of the U.S. See Note 17 to the accompanying consolidated financial statements for further discussion of our segment reporting structure.

Our business is typically affected by seasonal trends, with higher levels of retail sales in our second and third fiscal quarters and higher wholesale sales in our second and fourth fiscal quarters. These trends result primarily from the timing of key vacation travel, back-to-school, and holiday shopping periods impacting our retail business and the timing of seasonal wholesale shipments. As a result of changes in our business, consumer spending patterns, and the macroeconomic environment, including those resulting from disease pandemics and other catastrophic events, historical quarterly operating trends and working capital requirements may not be indicative of our future performance. In addition, fluctuations in net sales, operating income (loss), and cash flows in any fiscal quarter may be affected by other events impacting retail sales, such as changes in weather patterns. Accordingly, our operating

results and cash flows for the three-month and six-month periods ended September 26, 2020 are not necessarily indicative of the operating results and cash flows that may be expected for the full Fiscal 2021.

Recent Developments

COVID-19 Pandemic

A novel strain of coronavirus commonly referred to as COVID-19 has spread rapidly across the globe in recent months, including throughout all major geographies in which we operate (North America, Europe, and Asia), resulting in adverse economic conditions and business disruptions, as well as significant volatility in global financial markets. Governments worldwide have imposed varying degrees of preventative and protective actions, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such factors, among others, have resulted in a significant decline in retail traffic, tourism, and consumer spending on discretionary items. Additionally, during this period of uncertainty, companies across a wide array of industries have implemented various initiatives to reduce operating expenses and preserve cash balances, including work furloughs and reduced pay, which could lower consumers' disposable income levels or willingness to purchase discretionary items. Further, even after such government restrictions and company initiatives are lifted, consumer behavior, spending levels, and/or shopping preferences, such as willingness to congregate in shopping centers or other populated locations, could be adversely affected.

In connection with the COVID-19 pandemic, we have experienced varying degrees of business disruptions and periods of closure of our stores, distribution centers, and corporate facilities, as have our wholesale customers, licensing partners, suppliers, and vendors. During the first quarter of Fiscal 2021, the majority of our stores in key markets were closed for an average of 8 to 10 weeks, resulting in significant adverse impacts to our operating results. Although nearly all of our stores were reopened by the end of the first quarter of Fiscal 2021, the majority are still operating at limited hours and customer capacity levels in accordance with local health guidelines, with traffic remaining challenged. Our wholesale business has also been adversely affected, particularly in North America and Europe, as a result of department store closures and lower traffic and consumer demand. Additionally, there has recently been a resurgence in the number of cases of COVID-19 in certain parts of the world, which could result in further shutdowns and business disruptions for our company and/or our wholesale customers, licensing partners, suppliers, and vendors.

Throughout the pandemic, our priority has been to ensure the safety and well-being of our employees, consumers, and the communities in which we operate around the world. We continue to take into account the guidance of local governments and global health organizations and have implemented new health and safety protocols in our stores, distribution centers, and corporate facilities. We have also taken various preemptive actions to preserve cash and strengthen our liquidity position, including:

- amending our Global Credit Facility in May 2020 to temporarily waive our leverage ratio requirement (see Note 10 to the accompanying consolidated financial statements);
- issuing \$1.250 billion of unsecured senior notes in June 2020, the proceeds of which are being used for general corporate purposes, including repayment of certain of our outstanding borrowings (see Note 10 to the accompanying consolidated financial statements);
- temporarily suspending our quarterly cash dividend and common stock repurchase program, effective beginning in the first quarter of Fiscal 2021 (see Note 14 to the accompanying consolidated financial statements);
- temporarily reducing the base compensation of our executives and senior management team, as well as our Board of Directors, for the first quarter of Fiscal 2021;
- furloughing or reducing work hours for a significant portion of our employees, who nevertheless remain eligible to receive employee benefits during such period;
- carefully managing our expense structure across all key areas of spend, including aligning inventory levels with anticipated demand, negotiating rent abatements with certain of our landlords, and postponing non-critical capital build-out and other investments and activities;
- pursuing relevant government subsidy programs related to COVID-19 business disruptions; and
- improving upon our cash conversion cycle largely driven by our accounts receivable collection efforts and extended vendor payment terms.

The COVID-19 pandemic remains highly volatile and continues to evolve. Accordingly, we cannot predict for how long and to what extent the pandemic will impact our business operations or the global economy as a whole. We will continue to assess our operations location-by-location, taking into account the guidance of local governments and global health organizations to determine when our operations can begin returning to normal levels of business. See Item 1A — "Risk Factors — Infectious disease outbreaks, such as the recent COVID-19 pandemic, could have a material adverse effect on our business" in the Fiscal 2020 10-K for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Fiscal 2021 Strategic Realignment Plan

We have begun efforts to realign our resources to support future growth and profitability, and to create a sustainable cost structure. The key areas of our evaluation include our: (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across distribution centers, corporate offices, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio.

In connection with the first initiative, on September 17, 2020, our Board of Directors approved a restructuring plan (the "Fiscal 2021 Strategic Realignment Plan") to reduce our global workforce by the end of Fiscal 2021, which is expected to result in gross annualized pre-tax expense savings of approximately \$180 million to \$200 million, with savings realization primarily beginning in our fiscal year ending April 2, 2022 ("Fiscal 2022"). In connection with the reduction in workforce, we expect to incur total estimated pre-tax charges of up to approximately \$160 million, primarily consisting of cash-related severance and benefit costs.

In addition to these actions, we anticipate additional restructuring-related actions associated with the other aforementioned initiatives as part of the Fiscal 2021 Strategic Realignment Plan.

See Note 8 to our accompanying consolidated financial statements for additional discussion regarding charges recorded in connection with the Fiscal 2021 Strategic Restructuring Plan.

Transition of Chaps Brand to a Licensing Model

On October 29, 2020, we announced the planned transition of our Chaps brand to a fully licensed business model, consistent with our long-term brand elevation strategy. Specifically, we have entered into a multi-year licensing partnership, taking effect on August 1, 2021 after a transition period, with an affiliate of 5 Star Apparel LLC, a division of the OVED Group, to manufacture, market, and distribute Chaps menswear and womenswear. The products will be sold at existing channels of distribution with opportunities for expansion into additional channels and markets globally.

This agreement is expected to create incremental value for the Company by enabling an even greater focus on elevating our core brands in the marketplace, reducing our direct exposure to the North America department store channel, and setting up Chaps to deliver on its potential with an experienced partner that is focused on nurturing the brand.

Fiscal 2019 Restructuring Plan

On June 4, 2018, our Board of Directors approved a restructuring plan associated with our strategic objective of operating with discipline to drive sustainable growth (the "Fiscal 2019 Restructuring Plan"). The Fiscal 2019 Restructuring Plan included the following restructuring-related activities: (i) rightsizing and consolidation of our global distribution network and corporate offices; (ii) targeted severance-related actions; and (iii) closure of certain of our stores and shop-within-shops. Actions associated with the Fiscal 2019 Restructuring Plan are expected to result in gross annualized expense savings of approximately \$60 million to \$80 million.

In connection with the Fiscal 2019 Restructuring Plan, we have recorded cumulative charges of approximately \$146 million since its inception. Actions associated with the Fiscal 2019 Restructuring Plan are complete and no additional charges are expected to be incurred in connection with this plan.

See Note 8 to our accompanying consolidated financial statements for additional discussion regarding charges recorded in connection with the Fiscal 2019 Restructuring Plan.

Global Economic Conditions and Industry Trends

The global economy and retail industry are impacted by many different factors. The recent outbreak of COVID-19 has resulted in heightened uncertainty surrounding the future state of the global economy, as well as significant volatility in global financial markets. As discussed in "*Recent Developments*," governments worldwide have imposed varying degrees of preventative and protective actions, such as temporary travel bans, forced business closures, and stay-at-home orders, all in an effort to reduce the spread of the virus. Such actions, together with changes in consumers' willingness to congregate in populated areas and lower levels of disposal income due to high unemployment rates, have resulted in significant business disruptions across a wide array of industries and an overall decline of the global economy.

The global economy has also been impacted by the domestic and international political environment, including volatile international trade relations and civil and political unrest taking place in certain parts of the world, including the U.S. and Hong Kong. The U.S. in particular continues to experience civil unrest centered around racial inequality and political allegiances, which could be amplified based on the ultimate outcomes of the 2020 presidential and congressional elections. Concerns continue to also exist regarding the United Kingdom's recent withdrawal from the European Union, commonly referred to as "Brexit." The United Kingdom ceased to be a member of the European Union, effective January 31, 2020, and has entered a "transition period" during which its existing trading relationship with the European Union will remain in place and it will continue to follow the European Union's rules. Negotiations during the transition period to determine the United Kingdom's future relationship with the European Union, including terms of trade, are expected to be complex. It is not clear at this time what, if any, agreements will be reached by the current December 31, 2020 transition period deadline and the resulting impact on consumer sentiment. Additionally, certain other worldwide events, including escalating diplomatic tensions between the U.S. and China, acts of terrorism, taxation or monetary policy changes, fluctuations in commodity prices, and rising healthcare costs, also increase volatility in the global economy. Certain of these worldwide events may also be influenced by the ultimate outcomes of the U.S. presidential and congressional elections.

The retail landscape in which we operate has been significantly disrupted by the COVID-19 pandemic, including widespread temporary closures of stores and distribution centers and declines in retail traffic, tourism, and consumer spending on discretionary items. Prior to the COVID-19 pandemic, consumers had been increasingly shifting their shopping preference from physical stores to online. This shift in preference has accelerated during the pandemic and could be further amplified in the future as consumers may continue to prefer to avoid populated locations, such as shopping centers, in fear of exposing themselves to infectious diseases. Even before the pandemic, many retailers, including certain of our large wholesale customers, have been highly promotional and have aggressively marked down their merchandise on a periodic basis in an attempt to offset declines in physical store traffic. The retail industry, particularly in the U.S., has also experienced numerous bankruptcies, restructurings, and ownership changes in recent years. The COVID-19 pandemic could exacerbate these trends if companies do not have adequate financial resources and/or access to additional capital to withstand prolonged periods of adverse economic conditions. The continuation of these industry trends could further impact consumer spending and consumption behavior in our industry, which could have a material adverse effect on our business or operating results.

We have implemented various strategies globally to help address many of these current challenges and continue to build a foundation for long-term profitable growth centered around strengthening our consumer-facing areas of product, stores, and marketing across channels and driving a more efficient operating model. In response to the COVID-19 pandemic, we have taken preemptive actions to preserve cash and strengthen our liquidity position, as described in "*Recent Developments*." Investing in our digital ecosystem remains a primary focus and is a key component of our integrated global omni-channel strategy, particularly in light of the current COVID-19 pandemic, which has and could continue to reshape consumer shopping preferences. We continue to expand our offering of Connected Retailing capabilities to enhance the consumer experience, which now include virtual clienteling, Buy Online-Ship to Store, Buy Online-Pick Up in Store, curbside pickup, appointment scheduling, and mobile checkout and contactless payments. We also continue to take deliberate actions to ensure promotional consistency across channels and to enhance the overall brand and shopping experience, including better aligning shipments and inventory levels with underlying demand. We also remain committed to optimizing our wholesale distribution channel and enhancing our department store consumer experience. We are closely monitoring the latest Brexit developments and are assessing risks and opportunities and developing strategies to mitigate our exposure once the transition period expires, including evaluating scenarios in which the transition period ends without trade agreements in place.

We will continue to monitor these conditions and trends and will evaluate and adjust our operating strategies and foreign currency and cost management opportunities to help mitigate the related impacts on our results of operations, while remaining focused on the long-term growth of our business and protecting and elevating the value of our brand.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part I, Item 1A — "*Risk Factors*" in our Fiscal 2020 10-K.

Summary of Financial Performance

Operating Results

During the three months ended September 26, 2020, we reported net revenues of \$1.194 billion, a net loss of \$39.1 million, and net loss per diluted share of \$0.53, as compared to net revenues of \$1.706 billion, net income of \$182.1 million, and net income per diluted share of \$2.34 during the three months ended September 28, 2019. During the six months ended September 26, 2020, we reported net revenues of \$1.681 billion, a net loss of \$166.8 million, and net loss per diluted share of \$2.27, as compared to net revenues of \$3.135 billion, net income of \$299.2 million, and net income per diluted share of \$3.79 during the six months ended September 28, 2019. The comparability of our operating results has been affected by net adverse impacts related to COVID-19 business disruptions, as well as restructuring-related charges, impairment of assets, and certain other benefits (charges), as discussed further below.

Our operating performance for the three-month and six-month periods ended September 26, 2020 reflected revenue declines of 30.0% and 46.4%, respectively, on a reported basis and 31.0% and 46.5%, respectively, on a constant currency basis, as defined within "*Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition*" below. The decreases in net revenues reflected declines across all regions driven by COVID-19 business disruptions.

Our gross profit as a percentage of net revenues increased by 550 basis points to 67.0% during the three months ended September 26, 2020 and increased by 550 basis points to 68.3% during the six months ended September 26, 2020, both primarily driven by improved pricing and lower levels of promotional activity, as well as favorable geographic and channel mix.

Selling, general, and administrative ("SG&A") expenses as a percentage of net revenues during the three months ended September 26, 2020 increased by 600 basis points to 52.6% and increased by 1,840 basis points to 67.6% during the six months ended September 26, 2020, both primarily driven by operating deleverage on lower net revenues, partially offset by expense savings across various categories.

Net income decreased by \$221.2 million to a loss of \$39.1 million during the three months ended September 26, 2020 as compared to the three months ended September 28, 2019, primarily due to a \$253.4 million decline in operating income driven by higher net restructuring-related charges, impairment of assets, and certain other charges and COVID-19 business disruptions, partially offset by a \$44.5 million decrease in our income tax provision driven by the decline in our pretax income. Net income decreased by \$466.0 million to a loss of \$166.8 million during the six months ended September 26, 2020 as compared to the six months ended September 28, 2019, primarily due to a \$564.7 million decline in operating income driven by COVID-19 business disruptions and higher net restructuring-related charges, impairment of assets, and certain other charges, partially offset by a \$118.9 million decrease in our income tax provision driven by the decline in our pretax income. Net income per diluted share decreased by \$2.87 to a loss of \$0.53 per share during the three months ended September 26, 2020, and decreased by \$6.06 to a loss of \$2.27 per share during the six months ended September 26, 2020, due to the lower level of net income and lower weighted-average diluted shares outstanding.

Our operating results during the three months ended September 26, 2020 and September 28, 2019 were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges totaling \$171.2 million and \$21.0 million, respectively, which had an after-tax effect of reducing net income by \$146.2 million, or \$1.97 per diluted share, and \$16.3 million or \$0.21 per diluted share, respectively. During the six months ended September 26, 2020 and September 28, 2019, our operating results were negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges totaling \$165.1 million and \$52.4 million, respectively, which had an after-tax effect of reducing net income by \$140.7 million, or \$1.91 per diluted share, and \$40.7 million, or \$0.52 per diluted share, respectively.

Financial Condition and Liquidity

We ended the second quarter of Fiscal 2021 in a net cash and investments position (cash and cash equivalents plus investments, less total debt) of \$815.1 million, as compared to \$945.3 million as of the end of Fiscal 2020. The decline in our net cash and investments position at September 26, 2020 as compared to March 28, 2020 was primarily due to our use of cash to invest in our business through \$53.9 million in capital expenditures and to make dividend payments of \$49.8 million (which had been previously declared during the fourth quarter of Fiscal 2020), as well as cash used in operating activities of \$12.7 million.

Net cash used in operating activities was \$12.7 million during the six months ended September 26, 2020, compared to net cash provided by operating activities of \$204.1 million during the six months ended September 28, 2019. The decrease in cash

provided by operating activities was due to a decrease in net income before non-cash charges, partially offset by a net favorable change related to our operating assets and liabilities, including our working capital, as compared to the prior fiscal year period.

Our equity decreased to \$2.544 billion as of September 26, 2020 compared to \$2.693 billion as of March 28, 2020, primarily due to our comprehensive loss during the six months ended September 26, 2020.

Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three-month and six-month periods ended September 26, 2020 and September 28, 2019 has been affected by certain events, including:

- pretax charges incurred in connection with our restructuring activities, as well as certain other asset impairments and other benefits (charges), including those related to COVID-19 business disruptions, as summarized below (references to "Notes" are to the notes to the accompanying consolidated financial statements):

	Three Months Ended		Six Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(millions)			
Impairment of assets (see Note 7)	\$ (31.0)	\$ (6.1)	\$ (33.1)	\$ (7.3)
Restructuring and other charges (see Note 8)	(160.5)	(14.5)	(167.5)	(44.1)
Non-routine inventory benefits (charges) ^(a)	5.4	(0.4)	4.1	(1.0)
COVID-19-related bad debt expense adjustments ^(b)	14.9	—	31.4	—
Total benefits (charges)	\$ (171.2)	\$ (21.0)	\$ (165.1)	\$ (52.4)

^(a) Non-routine inventory benefits (charges) are recorded within cost of goods sold in the consolidated statements of operations.

^(b) COVID-19-related bad debt expense adjustments are recorded within SG&A expenses in the consolidated statements of operations.

- other net adverse impacts related to COVID-19 business disruptions during the three-month and six-month periods ended September 26, 2020.

Since we are a global company, the comparability of our operating results reported in U.S. Dollars is also affected by foreign currency exchange rate fluctuations because the underlying currencies in which we transact change in value over time compared to the U.S. Dollar. Such fluctuations can have a significant effect on our reported results. As such, in addition to financial measures prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP"), our discussions often contain references to constant currency measures, which are calculated by translating current-year and prior-year reported amounts into comparable amounts using a single foreign exchange rate for each currency. We present constant currency financial information, which is a non-U.S. GAAP financial measure, as a supplement to our reported operating results. We use constant currency information to provide a framework for assessing how our businesses performed excluding the effects of foreign currency exchange rate fluctuations. We believe this information is useful to investors for facilitating comparisons of operating results and better identifying trends in our businesses. The constant currency performance measures should be viewed in addition to, and not in lieu of or superior to, our operating performance measures calculated in accordance with U.S. GAAP. Reconciliations between this non-U.S. GAAP financial measure and the most directly comparable U.S. GAAP measure are included in the "Results of Operations" section where applicable.

Our discussion also includes reference to comparable store sales. Comparable store sales refer to the change in sales of our stores that have been open for at least 13 full fiscal months. Sales from our digital commerce sites are also included within comparable sales for those geographies that have been serviced by the related site for at least 13 full fiscal months. Sales for stores or digital commerce sites that are closed or shut down during the year are excluded from the calculation of comparable store sales. Sales for stores that are either relocated, enlarged (as defined by gross square footage expansion of 25% or greater), or generally closed for 30 or more consecutive days for renovation are also excluded from the calculation of comparable store sales until such stores have been operating in their new location or in their newly renovated state for at least 13 full fiscal months. All comparable store sales metrics are calculated on a constant currency basis.

Our "Results of Operations" discussion that follows includes the significant changes in operating results arising from these items affecting comparability. However, unusual items or transactions may occur in any period. Accordingly, investors and other financial statement users should consider the types of events and transactions that have affected operating trends.

RESULTS OF OPERATIONS

Three Months Ended September 26, 2020 Compared to Three Months Ended September 28, 2019

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Three Months Ended		\$ Change	% / bps Change
	September 26, 2020	September 28, 2019		
	(millions, except per share data)			
Net revenues	\$ 1,193.5	\$ 1,706.2	\$ (512.7)	(30.0%)
Cost of goods sold	(394.1)	(657.2)	263.1	(40.0%)
Gross profit	799.4	1,049.0	(249.6)	(23.8%)
<i>Gross profit as % of net revenues</i>	67.0%	61.5%		550 bps
Selling, general, and administrative expenses	(628.2)	(795.3)	167.1	(21.0%)
<i>SG&A expenses as % of net revenues</i>	52.6%	46.6%		600 bps
Impairment of assets	(31.0)	(6.1)	(24.9)	404.9%
Restructuring and other charges	(160.5)	(14.5)	(146.0)	1,007.7%
Operating income (loss)	(20.3)	233.1	(253.4)	(108.7%)
<i>Operating income (loss) as % of net revenues</i>	(1.7%)	13.7%		(1,540 bps)
Interest expense	(12.8)	(4.4)	(8.4)	193.9%
Interest income	2.2	9.6	(7.4)	(77.1%)
Other income (loss), net	1.8	(1.7)	3.5	NM
Income (loss) before income taxes	(29.1)	236.6	(265.7)	NM
Income tax provision	(10.0)	(54.5)	44.5	(81.7%)
<i>Effective tax rate^(a)</i>	(34.4%)	23.1%		(5,750 bps)
Net income (loss)	\$ (39.1)	\$ 182.1	\$ (221.2)	NM
Net income (loss) per common share:				
Basic	\$ (0.53)	\$ 2.37	\$ (2.90)	NM
Diluted	\$ (0.53)	\$ 2.34	\$ (2.87)	NM

^(a) Effective tax rate is calculated by dividing the income tax provision by income (loss) before income taxes.

NM Not meaningful.

Net Revenues. Net revenues decreased by \$512.7 million, or 30.0%, to \$1.194 billion during the three months ended September 26, 2020 as compared to the three months ended September 28, 2019, including net favorable foreign currency effects of \$16.3 million. On a constant currency basis, net revenues decreased by \$529.0 million, or 31.0%.

The following table summarizes the percentage change in our consolidated comparable store sales for the three months ended September 26, 2020 as compared to the prior fiscal year period, inclusive of adverse impacts related to COVID-19 business disruptions:

	% Change
Digital commerce comparable store sales	12%
Comparable store sales excluding digital commerce	(33%)
Total comparable store sales	(28%)

Our global average store count increased by 21 stores and concession shops during the three months ended September 26, 2020 compared with the three months ended September 28, 2019, largely driven by new openings in Asia. The following table details our retail store presence by segment as of the periods presented:

	September 26, 2020	September 28, 2019
Freestanding Stores:		
North America	230	225
Europe	95	94
Asia	145	123
Other non-reportable segments	72	75
Total freestanding stores	542	517
Concession Shops:		
North America	2	3
Europe	29	29
Asia	619	616
Other non-reportable segments	4	5
Total concession shops	654	653
Total stores	1,196	1,170

In addition to our stores, we sell products online in North America, Europe, and Asia through our various digital commerce sites, as well as through our Polo mobile app in North America and the United Kingdom. We also sell products online through various third-party digital partner commerce sites, primarily in Asia.

Net revenues for our segments, as well as a discussion of the changes in each reportable segment's net revenues from the comparable prior fiscal year period, are provided below:

	Three Months Ended		\$ Change	Foreign Exchange Impact	\$ Change	% Change		
	September 26, 2020	September 28, 2019	As Reported		Constant Currency	As Reported	Constant Currency	
(millions)								
Net Revenues:								
North America	\$ 542.9	\$ 881.2	\$ (338.3)	\$ (0.6)	\$ (337.7)	(38.4%)	(38.3%)	
Europe	359.5	480.2	(120.7)	14.8	(135.5)	(25.1%)	(28.2%)	
Asia	236.6	255.3	(18.7)	2.0	(20.7)	(7.3%)	(8.1%)	
Other non-reportable segments	54.5	89.5	(35.0)	0.1	(35.1)	(39.1%)	(39.2%)	
Total net revenues	\$ 1,193.5	\$ 1,706.2	\$ (512.7)	\$ 16.3	\$ (529.0)	(30.0%)	(31.0%)	

North America net revenues — Net revenues decreased by approximately \$338.3 million, or 38.4%, during the three months ended September 26, 2020 as compared to the three months ended September 28, 2019, including net unfavorable foreign currency effects of \$0.6 million. On a constant currency basis, net revenues decreased by \$337.7 million, or 38.3%.

The \$338.3 million net decline in North America net revenues was driven by:

- a \$195.2 million net decrease related to our North America wholesale business, driven by COVID-19 business disruptions and continued challenging department store traffic trends; and
- a \$143.1 million net decrease related to our North America retail business, inclusive of the adverse impact of COVID-19 business disruptions. On a constant currency basis, net revenues decreased by \$142.8 million driven by decreases of \$139.5 million in comparable store sales and \$3.3 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our North America retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	<u>% Change</u>
Digital commerce comparable store sales	10%
Comparable store sales excluding digital commerce	(40%)
Total comparable store sales	(32%)

Europe net revenues — Net revenues decreased by \$120.7 million, or 25.1%, during the three months ended September 26, 2020 as compared to the three months ended September 28, 2019, including net favorable foreign currency effects of \$14.8 million. On a constant currency basis, net revenues decreased by \$135.5 million, or 28.2%.

The \$120.7 million net decline in Europe net revenues was driven by:

- a \$64.5 million net decrease related to our Europe retail business, inclusive of the adverse impact of COVID-19 business disruptions, as well as net favorable foreign currency effects of \$6.4 million. On a constant currency basis, net revenues decreased by \$70.9 million driven by decreases of \$60.7 million in comparable store sales and \$10.2 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Europe retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	<u>% Change</u>
Digital commerce comparable store sales	26%
Comparable store sales excluding digital commerce	(35%)
Total comparable store sales	(29%)

- a \$56.2 million net decrease related to our Europe wholesale business driven by COVID-19 business disruptions, partially offset by net favorable foreign currency effects of \$8.4 million.

Asia net revenues — Net revenues decreased by \$18.7 million, or 7.3%, during the three months ended September 26, 2020 as compared to the three months ended September 28, 2019, including net favorable foreign currency effects of \$2.0 million. On a constant currency basis, net revenues decreased by \$20.7 million, or 8.1%.

The \$18.7 million net decline in Asia net revenues was driven by:

- a \$14.0 million net decrease related to our Asia retail business, inclusive of the adverse impact of COVID-19 business disruptions. On a constant currency basis, net revenues decreased by \$16.0 million, reflecting a decrease of \$19.8 million in comparable store sales, partially offset by an increase of \$3.8 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Asia retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	<u>% Change</u>
Digital commerce comparable store sales	32%
Comparable store sales excluding digital commerce	(12%)
Total comparable store sales	(11%)

- a \$4.7 million net decrease related to our Asia wholesale business.

Gross Profit. Gross profit decreased by \$249.6 million, or 23.8%, to \$799.4 million for the three months ended September 26, 2020, including net favorable foreign currency effects of \$13.1 million. Gross profit as a percentage of net revenues increased to 67.0% for the three months ended September 26, 2020 from 61.5% for the three months ended September 28, 2019. The 550 basis point increase was primarily driven by improved pricing and lower levels of promotional activity, as well as favorable geographic and channel mix.

Gross profit as a percentage of net revenues is dependent upon a variety of factors, including changes in the relative sales mix among distribution channels, changes in the mix of products sold, the timing and level of promotional activities, foreign currency exchange rates, and fluctuations in material costs. These factors, among others, may cause gross profit as a percentage of net revenues to fluctuate from period to period.

Selling, General, and Administrative Expenses. SG&A expenses include compensation and benefits, advertising and marketing, rent and occupancy, distribution, information technology, legal, depreciation and amortization, bad debt, and other selling and administrative costs. SG&A expenses decreased by \$167.1 million, or 21.0%, to \$628.2 million for the three months ended September 26, 2020, including net unfavorable foreign currency effects of \$6.4 million. The decrease in SG&A expenses reflects impacts related to COVID-19 business disruptions and our related mitigating actions, including (i) lower compensation-related expenses largely driven by employee furloughs and COVID-19-related government subsidies, (ii) lower rent and occupancy costs largely driven by reduced percentage-of-sales-based rent due to a reduction in traffic and rent abatements negotiated with certain of our landlords, (iii) favorable COVID-19-related bad debt expense adjustments, and (iv) our operational discipline. SG&A expenses as a percentage of net revenues increased to 52.6% for the three months ended September 26, 2020 from 46.6% for the three months ended September 28, 2019. The 600 basis point increase was primarily due to operating deleverage on lower net revenues, partially offset by expense savings across various categories.

The \$167.1 million net decrease in SG&A expenses was driven by:

	Three Months Ended September 26, 2020 Compared to Three Months Ended September 28, 2019
	(millions)
SG&A expense category:	
Compensation-related expenses	\$ (71.4)
Marketing and advertising expenses	(22.1)
Rent and occupancy costs	(17.8)
Staff-related expenses	(17.3)
Selling-related expenses	(13.2)
Bad debt expense	(10.3)
Other	(15.0)
Total net decrease in SG&A expenses	\$ (167.1)

We are carefully evaluating our organizational and operating cost structures to better support long-term growth, with a focus on our (i) team organizational structures and ways of working; (ii) real estate footprint and related costs across distribution centers, corporate offices, and direct-to-consumer retail and wholesale doors; and (iii) brand portfolio. Additionally, we plan to continue to closely manage our discretionary spending.

Impairment of Assets. During the three-month periods ended September 26, 2020 and September 28, 2019, we recorded non-cash impairment charges of \$31.0 million and \$6.1 million, respectively, to write-down certain long-lived assets. See Note 7 to the accompanying consolidated financial statements.

Restructuring and Other Charges. During the three-month periods ended September 26, 2020 and September 28, 2019, we recorded restructuring charges of \$157.6 million and \$13.1 million, respectively, primarily consisting of severance and benefit costs. Additionally, during the three-month periods ended September 26, 2020 and September 28, 2019, we recorded other charges of \$2.9 million and \$1.4 million, respectively, related to rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements have not yet expired. See Note 8 to the accompanying consolidated financial statements.

Operating Income (Loss). We reported an operating loss of \$20.3 million for the three months ended September 26, 2020, as compared to operating income of \$233.1 million for the three months ended September 28, 2019, including net favorable foreign currency effects of \$6.7 million. The decline in operating income reflects net adverse impacts related to COVID-19 business disruptions. Our operating results during the three-month periods ended September 26, 2020 and September 28, 2019 were also negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges totaling \$171.2 million and \$21.0 million, respectively. Operating loss as a percentage of net revenues was 1.7% for the three months ended September 26, 2020, reflecting a 1,540 basis point decline from the prior fiscal year period. The decline in operating income as a percentage of net revenues was primarily driven by the increase in SG&A expenses as a percentage of net revenues and higher net restructuring-related charges, impairment of assets, and certain other charges recorded during the three months ended September 26, 2020 as compared to the prior fiscal year period, partially offset by the increase in our gross margin, all as previously discussed.

Operating income (loss) and margin for our segments, as well as a discussion of the changes in each reportable segment's operating margin from the comparable prior fiscal year period, are provided below:

	Three Months Ended					
	September 26, 2020		September 28, 2019		\$ Change	Margin Change
	Operating Income (Loss)	Operating Margin	Operating Income (Loss)	Operating Margin		
(millions)		(millions)		(millions)		
Segment:						
North America	\$ 123.3	22.7%	\$ 192.4	21.8%	\$ (69.1)	90 bps
Europe	83.6	23.3%	140.6	29.3%	(57.0)	(600 bps)
Asia	41.1	17.3%	40.9	16.0%	0.2	130 bps
Other non-reportable segments	15.2	27.9%	22.8	25.5%	(7.6)	240 bps
	263.2		396.7		(133.5)	
Unallocated corporate expenses	(123.0)		(149.1)		26.1	
Unallocated restructuring and other charges	(160.5)		(14.5)		(146.0)	
Total operating income (loss)	\$ (20.3)	(1.7%)	\$ 233.1	13.7%	\$ (253.4)	(1,540 bps)

North America operating margin improved by 90 basis points, primarily due to the favorable impact of approximately 100 basis points attributable to COVID-19-related bad debt expense adjustments and non-routine inventory benefits recorded during the current fiscal year period, partially offset by higher impairment of assets recorded during the three months ended September 26, 2020 as compared to the prior fiscal year period. The increase in operating margin also reflected the favorable impact of approximately 90 basis points related to our retail business, largely driven by an increase in our gross margin, partially offset by the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions. These increases were partially offset by the unfavorable impacts of approximately 80 basis points related to our wholesale business, largely driven by the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions, and approximately 20 basis points attributable to other factors.

Europe operating margin declined by 600 basis points, primarily due to the unfavorable impact of 450 basis points attributable to higher impairment of assets recorded during the three months ended September 26, 2020 as compared to the prior fiscal year period, partially offset by favorable COVID-19-related bad debt expense adjustments recorded during the current fiscal year period. The decline in operating margin also reflected the unfavorable impacts of approximately 120 basis points and 60 basis points related to our wholesale and retail businesses, respectively, both largely due to the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions. These declines were partially offset by favorable foreign currency effects of 30 basis points.

Asia operating margin improved by 130 basis points, primarily due to the favorable impact of approximately 180 basis points related to our retail business, largely driven by the decrease in SG&A expenses as a percentage of net revenues. The increase in operating margin also reflected the favorable impact of approximately 20 basis points attributable to other factors. These increases were partially offset by unfavorable channel mix of approximately 40 basis points, as well as the unfavorable impact of approximately 30 basis points related to our wholesale business, largely driven by the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions.

Unallocated corporate expenses decreased by \$26.1 million to \$123.0 million during the three months ended September 26, 2020. The decline in unallocated corporate expenses was due to lower compensation-related expenses of \$18.4 million, lower marketing and advertising expenses of \$9.2 million, and lower rent and occupancy costs of \$7.3 million, partially offset by lower intercompany sourcing commission income of \$4.5 million (which is offset at the segment level and eliminates in consolidation) and higher other expenses of \$4.3 million.

Unallocated restructuring and other charges increased by \$146.0 million to \$160.5 million during the three months ended September 26, 2020, as previously discussed above and in Note 8 to the accompanying consolidated financial statements.

Non-operating Income (Expense), Net. Non-operating income (expense), net is comprised of interest expense, interest income, and other income (expense), net, which includes foreign currency gains (losses), equity in income (losses) from our equity-method investees, and other non-operating expenses. During the three months ended September 26, 2020, we reported non-operating expense, net, of \$8.8 million, as compared to non-operating income, net of \$3.5 million during the three months ended September 28, 2019. The \$12.3 million decline in non-operating income, net was driven by:

- an \$8.4 million increase in interest expense, primarily driven by the increase in our borrowings during the three months ended September 26, 2020 as compared to the prior fiscal year period (see "*Financial Condition and Liquidity — Cash Flows*"); and
- a \$7.4 million decline in interest income, primarily driven by the decrease in our investment portfolio and lower available interest rates in financial markets.

These unfavorable variances were partially offset by a \$3.5 million favorable change in other income (expense), net, primarily driven by higher net foreign currency gains during the three months ended September 26, 2020 as compared to the prior fiscal year period.

Income Tax Provision. The income tax provision represents federal, foreign, state and local income taxes. We reported an income tax provision of \$10.0 million and an effective tax rate of (34.4%) for the three months ended September 26, 2020, as compared to an income tax provision of \$54.5 million and an effective tax rate of 23.1% for the three months ended September 28, 2019. The \$44.5 million improvement in our income tax provision was due to the decline in our pretax income driven by COVID-19 business disruptions and higher restructuring-related charges, as well as expected net operating loss carrybacks allowed under the CARES Act (see Note 9 to the accompanying consolidated financial statements), partially offset by valuation allowances recorded against certain deferred tax assets as a result of significant business disruptions attributable to COVID-19 that could impact the ultimate realizability of such assets, as well as tax impacts on stock based compensation and other permanent adjustments.

Net Income (Loss). We reported a net loss of \$39.1 million for the three months ended September 26, 2020, as compared to net income of \$182.1 million for the three months ended September 28, 2019. The \$221.2 million decrease in net income was primarily due to the decline in our operating income driven by COVID-19 business disruptions and higher net restructuring-related charges, impairment of assets, and certain other charges, partially offset by the improvement in our income tax provision, all as previously discussed. Our operating results during the three-month periods ended September 26, 2020 and September 28, 2019 included net restructuring-related charges, impairment of assets, and certain other charges totaling \$171.2 million and \$21.0 million, respectively, which had an after-tax effect of reducing net income by \$146.2 million and \$16.3 million, respectively.

Net Income (Loss) per Diluted Share. We reported a net loss per diluted share of \$0.53 for the three months ended September 26, 2020, as compared to net income per diluted share of \$2.34 for the three months ended September 28, 2019. The \$2.87 per share decrease was due to the lower level of net income, as previously discussed, and lower weighted-average diluted shares outstanding during the three months ended September 26, 2020 driven by our share repurchases during the second half of Fiscal 2020. Net income (loss) per diluted share for the three-month periods ended September 26, 2020 and September 28, 2019 were also negatively impacted by \$1.97 per share and \$0.21 per share, respectively, as a result of net restructuring-related charges, impairment of assets, and certain other charges, as previously discussed.

Six Months Ended September 26, 2020 Compared to Six Months Ended September 28, 2019

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Six Months Ended		\$ Change	%/ bps Change
	September 26, 2020	September 28, 2019		
	(millions, except per share data)			
Net revenues	\$ 1,681.0	\$ 3,135.0	\$ (1,454.0)	(46.4%)
Cost of goods sold	(532.9)	(1,165.2)	632.3	(54.3%)
Gross profit	1,148.1	1,969.8	(821.7)	(41.7%)
<i>Gross profit as % of net revenues</i>	68.3%	62.8%		550 bps
Selling, general, and administrative expenses	(1,135.8)	(1,542.0)	406.2	(26.3%)
<i>SG&A expenses as % of net revenues</i>	67.6%	49.2%		1,840 bps
Impairment of assets	(33.1)	(7.3)	(25.8)	351.5%
Restructuring and other charges	(167.5)	(44.1)	(123.4)	279.8%
Operating income (loss)	(188.3)	376.4	(564.7)	(150.0%)
<i>Operating income (loss) as % of net revenues</i>	(11.2%)	12.0%		(2,320 bps)
Interest expense	(22.4)	(8.6)	(13.8)	160.7%
Interest income	5.1	21.2	(16.1)	(76.0%)
Other income (expense), net	3.9	(5.8)	9.7	NM
Income (loss) before income taxes	(201.7)	383.2	(584.9)	NM
Income tax benefit (provision)	34.9	(84.0)	118.9	NM
<i>Effective tax rate^(a)</i>	17.3%	21.9%		(460 bps)
Net income (loss)	\$ (166.8)	\$ 299.2	\$ (466.0)	NM
Net income (loss) per common share:				
Basic	\$ (2.27)	\$ 3.86	\$ (6.13)	NM
Diluted	\$ (2.27)	\$ 3.79	\$ (6.06)	NM

(a) Effective tax rate is calculated by dividing the income tax benefit (provision) by income (loss) before income taxes.

NM Not meaningful.

Net Revenues. Net revenues decreased by \$1.454 billion, or 46.4%, to \$1.681 billion during the six months ended September 26, 2020 as compared to the six months ended September 28, 2019, including net favorable foreign currency effects of \$2.6 million. On a constant currency basis, net revenues decreased by \$1.457 billion, or 46.5%.

The following table summarizes the percentage change in our consolidated comparable store sales for the six months ended September 26, 2020 as compared to the prior fiscal year period, inclusive of adverse impacts related to COVID-19 business disruptions:

	% Change
Digital commerce comparable store sales	12%
Comparable store sales excluding digital commerce	(49%)
Total comparable store sales	(42%)

Our global average store count increased by 22 stores and concession shops during the six months ended September 26, 2020 compared with the six months ended September 28, 2019, largely driven by new openings in Asia.

Net revenues for our segments, as well as a discussion of the changes in each reportable segment's net revenues from the comparable prior fiscal year period, are provided below:

	Six Months Ended		\$ Change	Foreign Exchange Impact	\$ Change	% Change		
	September 26, 2020	September 28, 2019	As Reported		Constant Currency	As Reported	Constant Currency	
(millions)								
Net Revenues:								
North America	\$ 708.0	\$ 1,600.6	\$ (892.6)	\$ (0.9)	\$ (891.7)	(55.8%)	(55.7%)	
Europe	480.2	841.0	(360.8)	5.6	(366.4)	(42.9%)	(43.6%)	
Asia	408.5	513.9	(105.4)	(2.1)	(103.3)	(20.5%)	(20.1%)	
Other non-reportable segments	84.3	179.5	(95.2)	—	(95.2)	(53.0%)	(53.0%)	
Total net revenues	\$ 1,681.0	\$ 3,135.0	\$ (1,454.0)	\$ 2.6	\$ (1,456.6)	(46.4%)	(46.5%)	

North America net revenues — Net revenues decreased by \$892.6 million, or 55.8%, during the six months ended September 26, 2020 as compared to the six months ended September 28, 2019, including net unfavorable foreign currency effects of \$0.9 million. On a constant currency basis, net revenues decreased by \$891.7 million, or 55.7%.

The \$892.6 million net decline in North America net revenues was driven by:

- a \$489.0 million net decrease related to our North America wholesale business, driven by COVID-19 business disruptions and continued challenging department store traffic trends; and
- a \$403.6 million net decrease related to our North America retail business, inclusive of the adverse impact of COVID-19 business disruptions. On a constant currency basis, net revenues decreased by \$403.1 million driven by decreases of \$388.4 million in comparable store sales and \$14.7 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our North America retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	% Change
Digital commerce comparable store sales	7%
Comparable store sales excluding digital commerce	(57%)
Total comparable store sales	(47%)

Europe net revenues — Net revenues decreased by \$360.8 million, or 42.9%, during the six months ended September 26, 2020 as compared to the six months ended September 28, 2019, including net favorable foreign currency effects of \$5.6 million. On a constant currency basis, net revenues decreased by \$366.4 million, or 43.6%.

The \$360.8 million net decline in Europe net revenues was driven by:

- a \$203.8 million net decrease related to our Europe retail business, inclusive of the adverse impact of COVID-19 business disruptions. On a constant currency basis, net revenues decreased by \$204.9 million driven by decreases of \$184.4 million in comparable store sales and \$20.5 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Europe retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	% Change
Digital commerce comparable store sales	35%
Comparable store sales excluding digital commerce	(54%)
Total comparable store sales	(45%)

- a \$157.0 million net decrease related to our Europe wholesale business driven by COVID-19 business disruptions, partially offset by net favorable foreign currency effects of \$4.5 million.

Asia net revenues — Net revenues decreased by \$105.4 million, or 20.5%, during the six months ended September 26, 2020 as compared to the six months ended September 28, 2019, including net unfavorable foreign currency effects of \$2.1 million. On a constant currency basis, net revenues decreased by \$103.3 million, or 20.1%.

The \$105.4 million net decline in Asia net revenues was driven by:

- a \$94.0 million net decrease related to our Asia retail business, inclusive of the adverse impact of COVID-19 business disruptions. On a constant currency basis, net revenues decreased by \$92.1 million, reflecting decreases of \$86.8 million in comparable store sales and \$5.3 million in non-comparable store sales. The following table summarizes the percentage change in comparable store sales related to our Asia retail business, inclusive of adverse impacts related to COVID-19 business disruptions:

	<u>% Change</u>
Digital commerce comparable store sales	51%
Comparable store sales excluding digital commerce	(24%)
Total comparable store sales	(22%)

- an \$11.4 million net decrease related to our Asia wholesale business driven by COVID-19 business disruptions.

Gross Profit. Gross profit decreased by \$821.7 million, or 41.7%, to \$1.148 billion for the six months ended September 26, 2020, including net unfavorable foreign currency effects of \$4.2 million. Gross profit as a percentage of net revenues increased to 68.3% for the six months ended September 26, 2020 from 62.8% for the six months ended September 28, 2019. The 550 basis point increase was primarily driven by improved pricing and lower levels of promotional activity, as well as favorable geographic and channel mix.

Selling, General, and Administrative Expenses. SG&A expenses decreased by \$406.2 million, or 26.3%, to \$1.136 billion for the six months ended September 26, 2020, including net unfavorable foreign currency effects of \$1.6 million. The decrease in SG&A expenses reflects impacts related to COVID-19 business disruptions and our related mitigating actions, including (i) lower compensation-related expenses largely driven by employee furloughs, reduced pay for our executives, senior management team, and Board of Directors, and COVID-19-related government subsidies, (ii) lower rent and occupancy costs largely driven by reduced percentage-of-sales-based rent due to store closures and a reduction in traffic, as well as rent abatements negotiated with certain of our landlords, (iii) favorable COVID-19-related bad debt expense adjustments, and (iv) our operational discipline. SG&A expenses as a percentage of net revenues increased to 67.6% for the six months ended September 26, 2020 from 49.2% for the six months ended September 28, 2019. The 1,840 basis point increase was primarily due to operating deleverage on lower net revenues, partially offset by expense savings across various categories.

The \$406.2 million net decrease in SG&A expenses was driven by:

	<u>Six Months Ended September 26, 2020 Compared to Six Months Ended September 28, 2019</u>
	<u>(millions)</u>
SG&A expense category:	
Compensation-related expenses	\$ (177.4)
Rent and occupancy costs	(61.4)
Marketing and advertising expenses	(40.0)
Selling-related expenses	(35.3)
Staff-related expenses	(35.3)
Bad debt expense	(26.9)
Shipping and handling costs	(17.7)
Other	(12.2)
Total net decrease in SG&A expenses	<u>\$ (406.2)</u>

Impairment of Assets. During the six-month periods ended September 26, 2020 and September 28, 2019, we recorded non-cash impairment charges of \$33.1 million and \$7.3 million, respectively, to write-down certain long-lived assets. See Note 7 to the accompanying consolidated financial statements.

Restructuring and Other Charges. During the six-month periods ended September 26, 2020 and September 28, 2019, we recorded restructuring charges of \$160.2 million and \$20.1 million, respectively, primarily consisting of severance and benefit costs. Additionally, during the six months ended September 26, 2020, we recorded other charges of \$7.3 million primarily related to rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements have not yet expired. During the six months ended September 28, 2019, we recorded other charges of \$24.0 million primarily related to the charitable donation of the net cash proceeds received from the sale of our corporate jet, and rent and occupancy costs associated with certain previously exited real estate locations for which the related lease agreements had not yet expired. See Note 8 to the accompanying consolidated financial statements.

Operating Income (Loss). We reported an operating loss of \$188.3 million for the six months ended September 26, 2020, as compared to operating income of \$376.4 million for the six months ended September 28, 2019, including net unfavorable foreign currency effects of \$5.8 million. The decline in operating income reflects net adverse impacts related to COVID-19 business disruptions. Our operating results during the six-month periods ended September 26, 2020 and September 28, 2019 were also negatively impacted by net restructuring-related charges, impairment of assets, and certain other charges totaling \$165.1 million and \$52.4 million, respectively. Operating loss as a percentage of net revenues was 11.2% for the six months ended September 26, 2020, reflecting a 2,320 basis point decline from the prior fiscal year period. The decline in operating income as a percentage of net revenues was primarily driven by the increase in SG&A expenses as a percentage of net revenues and higher net restructuring-related charges, impairment of assets, and certain other charges recorded during the six months ended September 26, 2020 as compared to the prior fiscal year period, partially offset by the increase in our gross margin, all as previously discussed.

Operating income (loss) and margin for our segments, as well as a discussion of the changes in each reportable segment's operating margin from the comparable prior fiscal year period, are provided below:

	Six Months Ended					
	September 26, 2020		September 28, 2019		\$ Change	Margin Change
	Operating Income (Loss)	Operating Margin	Operating Income (Loss)	Operating Margin		
(millions)		(millions)		(millions)		
Segment:						
North America	\$ 98.5	13.9%	\$ 342.5	21.4%	\$ (244.0)	(750 bps)
Europe	66.7	13.9%	220.0	26.2%	(153.3)	(1,230 bps)
Asia	51.2	12.5%	89.0	17.3%	(37.8)	(480 bps)
Other non-reportable segments	16.1	19.1%	55.7	31.0%	(39.6)	(1,190 bps)
	232.5		707.2		(474.7)	
Unallocated corporate expenses	(253.3)		(286.7)		33.4	
Unallocated restructuring and other charges	(167.5)		(44.1)		(123.4)	
Total operating income (loss)	\$ (188.3)	(11.2%)	\$ 376.4	12.0%	\$ (564.7)	(2,320 bps)

North America operating margin declined by 750 basis points, primarily due to the unfavorable impacts of approximately 600 basis points and 440 basis points related to our wholesale and retail businesses, respectively, both largely due to the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions. These declines were partially offset by 290 basis points attributable to favorable COVID-19-related bad debt expense adjustments and non-routine inventory benefits recorded during the current fiscal year period, partially offset by higher impairment of assets recorded during the six months ended September 26, 2020 as compared to the prior fiscal year period.

Europe operating margin declined by 1,230 basis points, primarily due to the unfavorable impacts of approximately 590 basis points and 190 basis points related to our retail and wholesale businesses, respectively, both largely due to the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions. The decline in operating margin also reflected the unfavorable impact of 320 basis points attributable to higher impairment of assets recorded during the six months ended September 26, 2020 as compared to the prior fiscal year period, partially offset by favorable COVID-19-related bad debt

expense adjustments recorded during the current fiscal year period. The remaining 130 basis point decline was attributable to unfavorable foreign currency effects.

Asia operating margin declined by 480 basis points, primarily due to the unfavorable impacts of approximately 310 basis points and 80 basis points related to our retail and wholesale businesses, respectively, both largely due to the increase in SG&A expenses as a percentage of net revenues driven by COVID-19 business disruptions. The decline in operating margin also reflected the unfavorable impact of 50 basis points attributable to higher impairment of assets and non-routine inventory charges recorded during the six months ended September 26, 2020 as compared to the prior fiscal year period. The remaining 40 basis point decline was attributable to unfavorable foreign currency effects.

Unallocated corporate expenses decreased by \$33.4 million to \$253.3 million during the six months ended September 26, 2020. The decline in unallocated corporate expenses was due to lower compensation-related expenses of \$49.4 million and lower rent and occupancy costs of \$14.4 million, partially offset by lower intercompany sourcing commission income of \$27.0 million (which is offset at the segment level and eliminates in consolidation) and higher other expenses of \$3.4 million.

Unallocated restructuring and other charges increased by \$123.4 million to \$167.5 million during the six months ended September 26, 2020, as previously discussed above and in Note 8 to the accompanying consolidated financial statements.

Non-operating Income (Expense), Net. During the six months ended September 26, 2020, we reported non-operating expense, net, of \$13.4 million, as compared to non-operating income, net of \$6.8 million during the six months ended September 28, 2019. The \$20.2 million decline in non-operating income, net was driven by:

- a \$16.1 million decline in interest income, primarily driven by the decrease in our investment portfolio and lower available interest rates in financial markets; and
- a \$13.8 million increase in interest expense, primarily driven by the increase in our borrowings during the six months ended September 26, 2020 as compared to the prior fiscal year period (see "*Financial Condition and Liquidity — Cash Flows*").

These unfavorable variances were partially offset by a \$9.7 million favorable change in other income (expense), net, primarily driven by higher net foreign currency gains during the six months ended September 26, 2020 as compared to the prior fiscal year period.

Income Tax Benefit (Provision). We reported an income tax benefit of \$34.9 million and an effective tax rate of 17.3% for the six months ended September 26, 2020, as compared to an income tax provision of \$84.0 million and an effective tax rate of 21.9% for the six months ended September 28, 2019. The \$118.9 million improvement in our income tax provision was driven by the decline in our pretax income driven by COVID-19 business disruptions and higher restructuring-related charges, partially offset by the 460 basis point decrease in our reported effective tax rate. The decrease in our effective tax rate was primarily driven by valuation allowances recorded against certain deferred tax assets as a result of significant business disruptions attributable to COVID-19 that could impact the ultimate realizability of such assets, as well as tax impacts on stock based compensation and other permanent adjustments, partially offset by expected net operating loss carrybacks allowed under the CARES Act (see Note 9 to the accompanying consolidated financial statements).

Net Income (Loss). We reported a net loss of \$166.8 million for the six months ended September 26, 2020, as compared to net income of \$299.2 million for the six months ended September 28, 2019. The \$466.0 million decrease in net income was primarily due to the decline in our operating income driven by COVID-19 business disruptions and higher net restructuring-related charges, impairment of assets, and certain other charges, partially offset by the improvement in our income tax provision, both as previously discussed. Our operating results during the six-month periods ended September 26, 2020 and September 28, 2019 included net restructuring-related charges, impairment of assets, and certain other charges totaling \$165.1 million and \$52.4 million, respectively, which had an after-tax effect of reducing net income by \$140.7 million and \$40.7 million, respectively.

Net Income (Loss) per Diluted Share. We reported a net loss per diluted share of \$2.27 for the six months ended September 26, 2020, as compared to net income per diluted share of \$3.79 for the six months ended September 28, 2019. The \$6.06 per share decrease was due to the lower level of net income, as previously discussed, and lower weighted-average diluted shares outstanding during the six months ended September 26, 2020 driven by our share repurchases during the second half of Fiscal 2020. Net income (loss) per diluted share for the six months ended September 26, 2020 and September 28, 2019 were also negatively impacted by \$1.91 per share and \$0.52 per share, respectively, as a result of net restructuring-related charges, impairment of assets, and certain other charges, as previously discussed.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

The following table presents our financial condition as of September 26, 2020 and March 28, 2020:

	September 26, 2020	March 28, 2020	\$ Change
	(millions)		
Cash and cash equivalents	\$ 2,012.0	\$ 1,620.4	\$ 391.6
Short-term investments	434.1	495.9	(61.8)
Short-term debt ^(a)	—	(475.0)	475.0
Current portion of long-term debt ^(a)	—	(299.6)	299.6
Long-term debt ^(a)	(1,631.0)	(396.4)	(1,234.6)
Net cash and investments ^(b)	\$ 815.1	\$ 945.3	\$ (130.2)
Equity	\$ 2,544.1	\$ 2,693.1	\$ (149.0)

(a) See Note 10 to the accompanying consolidated financial statements for discussion of the carrying values of our debt.

(b) "Net cash and investments" is defined as cash and cash equivalents, plus investments, less total debt.

The decrease in our net cash and investments position at September 26, 2020 as compared to March 28, 2020 was primarily due to our use of cash to invest in our business through \$53.9 million in capital expenditures and to make dividend payments of \$49.8 million (which had been previously declared during the fourth quarter of Fiscal 2020), as well as cash used in operating activities of \$12.7 million.

The decrease in equity was primarily attributable to our comprehensive loss during the six months ended September 26, 2020.

Cash Flows

The following table details our cash flows for the six-month periods ended September 26, 2020 and September 28, 2019:

	Six Months Ended		\$ Change
	September 26, 2020	September 28, 2019	
	(millions)		
Net cash provided by (used in) operating activities	\$ (12.7)	\$ 204.1	\$ (216.8)
Net cash provided by investing activities	13.8	295.6	(281.8)
Net cash provided by (used in) financing activities	367.3	(553.0)	920.3
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	23.6	(9.9)	33.5
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 392.0	\$ (63.2)	\$ 455.2

Net Cash Provided by (Used in) Operating Activities. Net cash used in operating activities was \$12.7 million during the six months ended September 26, 2020, as compared to net cash provided by operating activities of \$204.1 million during the six months ended September 28, 2019. The \$216.8 million net decrease in cash provided by operating activities was due to a decrease in net income before non-cash charges, partially offset by a net favorable change related to our operating assets and liabilities, including our working capital, as compared to the prior fiscal year period. The net favorable change related to our operating assets and liabilities, including our working capital, was primarily driven by:

- a favorable change in our accrued liabilities, primarily driven by the increase in our restructuring reserve related to charges recorded in connection with the Fiscal 2021 Strategic Realignment Plan;

- a reduction in inventory receipts to align with anticipated product demand;
- a favorable change related to our prepaid expenses and other current assets, primarily driven by the timing of cash payments; and
- a favorable change related to our accounts receivable, largely driven by our collection efforts, as well as a decline in wholesale revenue due to COVID-19 business disruptions.

Net Cash Provided by Investing Activities. Net cash provided by investing activities was \$13.8 million during the six months ended September 26, 2020, as compared to \$295.6 million during the six months ended September 28, 2019. The \$281.8 million net decrease in cash provided by investing activities was primarily driven by:

- a \$340.0 million decrease in proceeds from sales and maturities of investments, less purchases of investments. During the six months ended September 26, 2020, we received net proceeds from sales and maturities of investments of \$64.5 million, as compared to \$404.5 million during the six months ended September 28, 2019; and
- a \$20.8 million decrease in cash proceeds from the sale of property. No property was sold during the six months ended September 26, 2020. On a comparative basis, during the six months ended September 28, 2019, we received net cash proceeds of \$20.8 million from the sale of our corporate jet. These proceeds were donated to the Ralph Lauren Corporate Foundation (formerly known as the Polo Ralph Lauren Foundation), which is reflected within cash flows from operating activities for the six months ended September 28, 2019.

These decreases in cash provided by investing activities were partially offset by:

- a \$76.7 million decrease in capital expenditures. During the six months ended September 26, 2020, we spent \$53.9 million on capital expenditures, as compared to \$130.6 million during the six months ended September 28, 2019. This decline reflects the temporary postponement of non-critical capital expenditures as a preemptive action to preserve cash and strengthen our liquidity position in response to current business disruptions related to the COVID-19 pandemic. Our capital expenditures during the six months ended September 26, 2020 primarily related to enhancements to our information technology systems, as well as international store openings and renovations.

Net Cash Provided by (Used in) Financing Activities. Net cash provided by financing activities was \$367.3 million during the six months ended September 26, 2020, as compared to net cash used in financing activities of \$553.0 million during the six months ended September 28, 2019. The \$920.3 million net increase in cash provided by financing activities was primarily driven by:

- a \$466.9 million increase in cash proceeds from the issuance of debt, less debt repayments. During the six months ended September 26, 2020, we received \$1.242 billion in proceeds from our issuance of 1.700% unsecured notes and 2.950% unsecured senior notes, a portion of which was used to repay \$475.0 million of borrowings previously outstanding under our credit facilities and our previously outstanding \$300 million principal amount of unsecured 2.625% senior notes that matured August 18, 2020. On a comparative basis, during the six months ended September 28, 2019, we did not issue or repay any debt;
- a \$407.2 million decrease in cash used to repurchase shares of our Class A common stock. During the six months ended September 26, 2020, \$35.5 million in shares of Class A common stock were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under our long-term stock incentive plans, and no shares of Class A common stock were repurchased pursuant to our common stock repurchase program, which we have temporarily suspended as a preemptive action to preserve cash and strengthen our liquidity position in response to current business disruptions related to the COVID-19 pandemic. On a comparative basis, during the six months ended September 28, 2019, we used \$400.0 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional \$42.7 million in shares of Class A common stock were surrendered or withheld for taxes; and
- a \$52.1 million decrease in payments of dividends, driven by the temporary suspension of our quarterly cash dividend program as a preemptive action to preserve cash and strengthen our liquidity position, as discussed in "Dividends" below.

Sources of Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, our available cash and cash equivalents and short-term investments, availability under our credit and overdraft facilities and commercial paper program, and other available financing options.

During the six months ended September 26, 2020, we used \$12.7 million of net cash flows in our operations. As of September 26, 2020, we had \$2.446 billion in cash, cash equivalents, and short-term investments, of which \$731.9 million were held by our subsidiaries domiciled outside the U.S. We are not dependent on foreign cash to fund our domestic operations. Undistributed foreign earnings that were subject to the Tax Cuts and Jobs Act's one-time mandatory transition tax as of December 31, 2017 are not considered to be permanently reinvested and may be repatriated to the U.S. in the future with minimal or no additional U.S. taxation. We intend to permanently reinvest undistributed foreign earnings generated after December 31, 2017 that were not subject to the one-time mandatory transition tax. However, if our plans change and we choose to repatriate post-2017 earnings to the U.S. in the future, we would be subject to applicable U.S. and foreign taxes.

The following table presents our total availability, borrowings outstanding, and remaining availability under our credit and overdraft facilities and Commercial Paper Program as of September 26, 2020:

Description ^(a)	September 26, 2020		
	Total Availability	Borrowings Outstanding	Remaining Availability
		(millions)	
Global Credit Facility and Commercial Paper Program ^(b)	\$ 500	\$ 9 ^(c)	\$ 491
Pan-Asia Credit Facilities	33	—	33
Japan Overdraft Facility	47	—	47

(a) As defined in Note 10 to the accompanying consolidated financial statements.

(b) Borrowings under the Commercial Paper Program are supported by the Global Credit Facility. Accordingly, we do not expect combined borrowings outstanding under the Commercial Paper Program and the Global Credit Facility to exceed \$500 million.

(c) Represents outstanding letters of credit for which we were contingently liable under the Global Credit Facility as of September 26, 2020.

We believe that the Global Credit Facility is adequately diversified with no undue concentration in any one financial institution. In particular, as of September 26, 2020, there were eight financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of 20%. In accordance with the terms of the agreement, we have the ability to expand our borrowing availability under the Global Credit Facility to \$1 billion through the full term of the facility, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments.

Borrowings under the Pan-Asia Credit Facilities and Japan Overdraft Facility (collectively, the "Pan-Asia Borrowing Facilities") are guaranteed by the parent company and are granted at the sole discretion of the participating banks (as described within Note 10 to the accompanying consolidated financial statements), subject to availability of the respective banks' funds and satisfaction of certain regulatory requirements. We have no reason to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the Global Credit Facility and the Pan-Asia Borrowing Facilities in the event of our election to draw additional funds in the foreseeable future.

Our sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store and digital commerce expansion, construction and renovation of shop-within-shops, investment in infrastructure, including technology, acquisitions, joint ventures, payment of dividends, debt repayments, Class A common stock repurchases, settlement of contingent liabilities (including uncertain tax positions), and other corporate activities, including our restructuring actions. We believe that our existing sources of cash, the availability under our credit facilities, and our ability to access capital markets will be sufficient to support our operating, capital, and debt service requirements for the foreseeable future, the ongoing development of our businesses, and our plans for further business expansion. However, prolonged periods of adverse economic conditions or business disruptions in any of our key regions, or a combination thereof, such as those resulting from the COVID-19 pandemic, could impede our ability to pay our obligations as they become due or return value to our shareholders, as well as delay previously planned expenditures related to our operations.

See Note 10 to the accompanying consolidated financial statements and Note 11 of the Fiscal 2020 10-K for detailed disclosure of the terms and conditions of our credit facilities.

Debt and Covenant Compliance

In August 2018, we completed a registered public debt offering and issued \$400 million aggregate principal amount of unsecured senior notes due September 15, 2025, which bear interest at a fixed rate of 3.750%, payable semi-annually (the "3.750% Senior Notes"). In June 2020, we completed another registered public debt offering and issued an additional \$500 million aggregate principal amount of unsecured senior notes due June 15, 2022, which bear interest at a fixed rate of 1.700% payable semi-annually (the "1.700% Senior Notes"), and \$750 million aggregate principal amount of unsecured senior notes due June 15, 2030, which bear interest at a fixed rate of 2.950%, payable semi-annually (the "2.950% Senior Notes").

The indenture and supplemental indentures governing the 3.750% Senior Notes, 1.700% Senior Notes, and 2.950% Senior Notes (as supplemented, the "Indenture") contain certain covenants that restrict our ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of our property or assets to another party. However, the Indenture does not contain any financial covenants.

We have a credit facility that provides for a \$500 million senior unsecured revolving line of credit through August 12, 2024, which is also used to support the issuance of letters of credit and the maintenance of the Commercial Paper Program (the "Global Credit Facility"). Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars, and Japanese Yen. We have the ability to expand the borrowing availability under the Global Credit Facility to \$1 billion, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility. In March 2020, we borrowed \$475.0 million under the Global Credit Facility as a preemptive action to preserve cash and strengthen our liquidity position in response to the COVID-19 pandemic, which was subsequently repaid in June 2020 using a portion of the proceeds from our issuances of the 1.700% Senior Notes and 2.950% Senior Notes.

The Global Credit Facility contains a number of covenants, as described in Note 10 to the accompanying consolidated financial statements. As of September 26, 2020, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility. The Pan-Asia Borrowing Facilities do not contain any financial covenants.

See Note 10 to the accompanying consolidated financial statements and Note 11 of the Fiscal 2020 10-K for additional information relating to our debt and covenant compliance.

Common Stock Repurchase Program

On May 13, 2019, our Board of Directors approved an expansion of our existing common stock repurchase program that allowed us to repurchase up to an additional \$600 million of Class A common stock. As of September 26, 2020, the remaining availability under our Class A common stock repurchase program was approximately \$580 million. Repurchases of shares of Class A common stock are subject to certain restrictions under our Global Credit Facility and more generally overall business and market conditions. Accordingly, as a result of current business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 we temporarily suspended our common stock repurchase program as a preemptive action to preserve cash and strengthen our liquidity position.

See Note 14 to the accompanying consolidated financial statements for additional information relating to our Class A common stock repurchase program.

Dividends

Except as discussed below, we have maintained a regular quarterly cash dividend program on our common stock since 2003. On May 13, 2019, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from \$0.625 to \$0.6875 per share.

As a result of current business disruptions related to the COVID-19 pandemic, effective beginning in the first quarter of Fiscal 2021 we temporarily suspended our quarterly cash dividend program as a preemptive action to preserve cash and strengthen our liquidity position. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, cash requirements, financial condition, and other factors that the Board of Directors may deem relevant, including economic and market conditions.

See Note 14 to the accompanying consolidated financial statements for additional information relating to our quarterly cash dividend program.

Contractual and Other Obligations

There have been no material changes to our contractual and other obligations as disclosed in our Fiscal 2020 10-K, other than those which occur in the ordinary course of business. Refer to the "*Financial Condition and Liquidity — Contractual and Other Obligations*" section of the MD&A in our Fiscal 2020 10-K for detailed disclosure of our contractual and other obligations as of March 28, 2020.

MARKET RISK MANAGEMENT

As discussed in Note 13 of the Fiscal 2020 10-K and Note 12 to the accompanying consolidated financial statements, we are exposed to a variety of risks, including the impact of changes in currency exchange rates on foreign currency-denominated balances, certain anticipated cash flows of our international operations, and the value of reported net assets of our foreign operations, as well as changes in the fair value of our fixed-rate debt obligations relating to fluctuations in benchmark interest rates. Accordingly, at times, in the normal course of business, we employ established policies and procedures to manage such risks, including the use of derivative financial instruments. We do not use derivatives for speculative or trading purposes.

Given our use of derivative instruments, we are exposed to the risk that the counterparties to such contracts will fail to meet their contractual obligations. To mitigate such counterparty credit risk, it is our policy to only enter into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. Our established policies and procedures for mitigating credit risk include ongoing review and assessment of the creditworthiness of our counterparties. We also enter into master netting arrangements with counterparties, when possible, to further mitigate credit risk. As a result of the above considerations, we do not believe that we are exposed to undue concentration of counterparty risk with respect to our derivative contracts as of September 26, 2020. However, we do have in aggregate \$27.8 million of derivative instruments in net asset positions with four creditworthy financial institutions.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates using forward foreign currency exchange and cross-currency swap contracts. Refer to Note 12 to the accompanying consolidated financial statements for a summary of the notional amounts and fair values of our outstanding forward foreign currency exchange and cross-currency swap contracts, as well as the impact on earnings and other comprehensive income of such instruments as of September 26, 2020.

Forward Foreign Currency Exchange Contracts

We enter into forward foreign currency exchange contracts to mitigate risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, the settlement of foreign currency-denominated balances, and the translation of certain foreign operations' net assets into U.S. Dollars. As part of our overall strategy for managing the level of exposure to such exchange rate risk, relating primarily to the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, the Swiss Franc, and the Chinese Renminbi, we generally hedge a portion of our related exposures anticipated over the next twelve months using forward foreign currency exchange contracts with maturities of two months to one year to provide continuing coverage over the period of the respective exposure.

Our foreign exchange risk management activities are governed by established policies and procedures. These policies and procedures provide a framework that allows for the management of currency exposures while ensuring the activities are conducted within our established guidelines. Our policies include guidelines for the organizational structure of our risk management function and for internal controls over foreign exchange risk management activities, including, but not limited to, authorization levels, transaction limits, and credit quality controls, as well as various measurements for monitoring compliance. We monitor foreign exchange risk using different techniques, including periodic review of market values and performance of sensitivity analyses.

Our forward foreign currency exchange contracts are recorded at fair value in our consolidated balance sheets. To the extent such contracts are designated as qualifying cash flow hedges of inventory transactions, related gains or losses are initially deferred in equity as a component of accumulated other comprehensive income ("AOCI") and are subsequently recognized within cost of goods sold in our consolidated statements of operations when the related inventory is sold.

Cross-Currency Swap Contracts

We periodically designate (i) pay-floating rate, receive-floating rate cross-currency swap contracts or (ii) pay-fixed rate, receive fixed-rate cross-currency swap contracts as hedges of our net investment in certain European subsidiaries.

Our pay-floating rate, receive-floating rate cross-currency swap contracts swap U.S. Dollar-denominated variable interest rate payments based on the contract's notional amount and 3-month London Interbank Offered Rate ("LIBOR") plus a fixed spread (as paid under a corresponding interest rate swap contract discussed below) for Euro-denominated variable interest rate payments based on 3-month Euro Interbank Offered Rate ("EURIBOR") plus a fixed spread, which, in combination with the corresponding interest rate swap contract, economically converts a portion of our fixed-rate US-denominated senior note obligations to floating-rate Euro-denominated obligations.

Our pay-fixed rate, receive-fixed rate cross-currency swap contracts swap U.S. Dollar-denominated fixed interest rate payments based on the contract's notional amount and the fixed rate of interest payable on certain of our senior notes for Euro-denominated fixed interest rate payments, thereby economically converting a portion of our fixed-rate US-denominated senior note obligations to fixed rate Euro-denominated obligations.

See Note 3 to the accompanying consolidated financial statements for further discussion of our foreign currency exposures, and the types of derivative instruments used to hedge those exposures.

Interest Rate Risk Management

We periodically designate pay-floating rate, receive-fixed rate interest rate swap contracts as hedges against changes in the fair value of certain of our fixed-rate debt attributed to changes in a benchmark interest rate. To the extent of their notional amount, such contracts effectively swap the fixed interest rate on certain of our fixed-rate senior notes for a variable interest rate based on 3-month LIBOR plus a fixed spread.

Investment Risk Management

As of September 26, 2020, we had cash and cash equivalents on-hand of \$2.012 billion, consisting of deposits in interest bearing accounts, investments in money market deposit accounts, and investments in time deposits with original maturities of 90 days or less. Our other significant investments included \$434.1 million of short-term investments, consisting of investments in time deposits with original maturities greater than 90 days; and \$9.8 million of restricted cash held in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters and real estate leases.

We actively monitor our exposure to changes in the fair value of our global investment portfolio in accordance with our established policies and procedures, which include monitoring both general and issuer-specific economic conditions, as discussed in Note 3 to the accompanying consolidated financial statements. Our investment objectives include capital preservation, maintaining adequate liquidity, diversification to minimize liquidity and credit risk, and achievement of maximum returns within the guidelines set forth in our investment policy. See Note 12 to the accompanying consolidated financial statements for further detail of the composition of our investment portfolio as of September 26, 2020.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in Note 3 of the Fiscal 2020 10-K. Our estimates are often based on complex judgments, assessments of probability, and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same set of facts and circumstances, could develop and support a range of alternative estimated amounts. For a complete discussion of our critical accounting policies, refer to the "*Critical Accounting Policies*" section of the MD&A in our Fiscal 2020 10-K.

There have been no significant changes in the application of our critical accounting policies since March 28, 2020.

Goodwill Impairment Assessment

We performed our annual goodwill impairment assessment using a qualitative approach as of the beginning of the second quarter of Fiscal 2021. In performing the assessment, we identified and considered the significance of relevant key factors, events, and circumstances that affected the fair values and/or carrying amounts of our reporting units with allocated goodwill. These factors

included external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as our actual and expected financial performance. Additionally, we also considered the results of our most recent quantitative goodwill impairment test, which was performed as of the end of Fiscal 2020 and incorporated assumptions related to COVID-19 business disruptions, the results of which indicated that the fair values of these reporting units significantly exceeded their respective carrying values. Based on the results of our qualitative goodwill impairment assessment, we concluded that it is not more likely than not that the fair values of our reporting units are less than their respective carrying values, and there were no reporting units at risk of impairment.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 4 to the accompanying consolidated financial statements for a description of certain recently issued accounting standards which have impacted our consolidated financial statements, or may impact our consolidated financial statements in future reporting periods.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

For a discussion of the Company's exposure to market risk, see "*Market Risk Management*" presented in Part I, Item 2 — MD&A of this Form 10-Q and incorporated herein by reference.

Item 4. *Controls and Procedures.*

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

We carried out an evaluation based on criteria established in the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) under the supervision and with the participation of management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our principal executive and principal financial officers have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of September 26, 2020. There has been no change in the Company's internal control over financial reporting during the fiscal quarter ended September 26, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Although there have been no material changes in the Company's internal control over financial reporting, we have experienced varying degrees of business disruptions related to the COVID-19 pandemic, including periods of closure of our stores, distribution centers, and corporate facilities, as described within "*Recent Developments*." In response to the COVID-19 pandemic, we have taken various preemptive actions to preserve cash and strengthen our liquidity position, including furloughing and/or reducing work hours for a significant portion of both our store and corporate employees, with those corporate employees not furloughed in affected regions working remotely. Additionally, our Board of Directors recently approved a restructuring plan, as described within "*Recent Developments*," which is expected to result in a significant reduction to our global workforce by the end of Fiscal 2021. Despite such cumulative actions, we have not experienced any material changes to our internal controls over financial reporting. We will continue to evaluate and monitor the impact of the COVID-19 pandemic and our restructuring activities on our internal controls. See Item 1A — "*Risk Factors*" in the Fiscal 2020 10-K for additional discussion regarding risks to our business associated with the COVID-19 pandemic and our restructuring plans.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

Reference is made to the information disclosed under Item 3 — "*Legal Proceedings*" in the Fiscal 2020 10-K.

Item 1A. *Risk Factors.*

Reference is made to the information disclosed under Part I, Item 1A — "*Risk Factors*" in the Fiscal 2020 10-K, which contains a detailed discussion of certain risk factors that could materially adversely affect the Company's business, operating results, and/or financial condition. There are no material changes to the risk factors previously disclosed, nor has the Company identified any previously undisclosed risks that could materially adversely affect the Company's business, operating results, and/or financial condition.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

(a) **Sales of Unregistered Securities**

Shares of the Company's Class B Common Stock may be converted immediately into Class A Common Stock on a one-for-one basis by the holder. There is no cash or other consideration paid by the holder converting the shares and, accordingly, there is no cash or other consideration received by the Company. The shares of Class A Common Stock issued by the Company in such conversions are exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended.

No shares of the Company's Class B common stock were converted into Class A common stock during the three months ended September 26, 2020.

(b) **Not Applicable**

(c) **Stock Repurchases**

The following table sets forth the repurchases of shares of the Company's Class A common stock during the three months ended September 26, 2020:

	Total Number of Shares Purchased ^(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs ^(b)
				(millions)
June 28, 2020 to July 25, 2020	—	\$ —	—	\$ 580
July 26, 2020 to August 22, 2020	23,933	69.66	—	580
August 23, 2020 to September 26, 2020	744	75.53	—	580
	24,677		—	

^(a) Represents shares surrendered to or withheld by the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under its long-term stock incentive plans.

^(b) Repurchases of shares of Class A common stock are subject to certain restrictions under the Company's Global Credit Facility and more generally overall business and market conditions. Accordingly, as a result of current business disruptions related to the COVID-19 pandemic, we have temporarily suspended our common stock repurchase program as a preemptive action to preserve cash and strengthen our liquidity position.

Item 6. Exhibits.

- 3.1 [Amended and Restated Certificate of Incorporation of the Company \(filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1/A \(File No. 333-24733\) filed June 10, 1997\).](#)
- 3.2 [Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company \(filed as Exhibit 3.1 to the Form 8-K filed August 16, 2011\).](#)
- 3.3 [Fourth Amended and Restated By-Laws of the Company \(filed as Exhibit 3.3 to the Form 10-Q filed August 10, 2017\).](#)
- 4.1 [Fourth Supplemental Indenture, dated as of June 3, 2020, by and between Ralph Lauren Corporation and Wells Fargo Bank, National Association \(filed as Exhibit 4.2 to the Form 8-K filed June 3, 2020\).](#)
- 10.1* [Form of Non-Employee Director Restricted Stock Unit Award Agreement under the 2019 Long-Term Stock Incentive Plan†.](#)
- 10.2* [Form of Cliff Restricted Stock Award Agreement under the 2019 Long-Term Stock Incentive†.](#)
- 10.3* [Form of Pro-Rata Restricted Stock Unit Award Agreement under the 2019 Long-Term Stock Incentive Plan†.](#)
- 31.1* [Certification of Principal Executive Officer pursuant to 17 CFR 240.13a-14\(a\).](#)
- 31.2* [Certification of Principal Financial Officer pursuant to 17 CFR 240.13a-14\(a\).](#)
- 32.1* [Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2* [Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* XBRL Taxonomy Extension Schema Document.
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or Securities Exchange Act of 1934.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

RALPH LAUREN CORPORATION

FORM OF NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of [DATE] (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and [NAME] (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein (the "Restricted Stock Unit Award" or "RSU Award") to each director of the Company who is not an employee of either the Company or any Affiliate (each, an "Outside Director") as a Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Restricted Stock Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement, the Company hereby grants to the Participant a Restricted Stock Unit Award consisting of [] Restricted Stock Units (hereinafter called the "RSUs"). The RSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. Vesting.
 - (a) Subject to the Participant's continued service as an Outside Director of the Company through the date of the 2021 Annual Meeting of Stockholders, the RSUs shall fully vest and become non-forfeitable on the first anniversary of the Grant Date.
 - (b) Once vested, the RSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall be payable in cash.
 - (d) The RSUs shall be settled exclusively in Class A Common Stock of the Company.
 - (e) If the Participant's service as an Outside Director of the Company is terminated for any reason other than due to the Participant's death or Disability, the RSUs shall, to the extent not then vested, be forfeited by the Participant without consideration. In the event of the death or disability of the Participant, unvested RSUs shall continue to vest according to the original vesting schedule.
 - (f) Notwithstanding any other provision of this Agreement to the contrary, in the event of a Change of Control (as defined in the Plan), the RSUs shall, to the extent not then vested and not previously forfeited, immediately become fully vested as contemplated by Section 13 of the Plan.

3. Dividend Equivalents.

- (a) The Participant shall be entitled to receive dividend equivalents on the RSUs in the event of an issuance of any cash or stock dividend on the Shares of the Company (a "Dividend"). The Participant shall be credited with an additional number of RSUs (each, a "Dividend RSU"), determined as follows:
- i. in the event of a cash dividend, equal to the quotient obtained by dividing: (a) the product of (i) the number of RSUs that the Participant holds at the time of the record date for such Dividend multiplied by (ii) the amount of the Dividend per Share, divided by (b) the fair market value per Share on the payment date for such Dividend; and
 - ii. in the event of a stock dividend, equal to the number of Shares (including fractions thereof) issued with respect to each Share, multiplied by the number of RSUs.
- (b) Once credited, each Dividend RSU shall be treated as a RSU hereunder and shall be subject to the same terms and conditions as the RSU from which such Dividend RSU is derived, including, but not limited to, the applicable vesting schedule and rights to Dividend RSUs with respect to future Dividends.

4. Rights as a Stockholder. Neither the Participant nor any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any RSUs unless and until the RSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

5. No Right to Continued Service. Neither the Plan nor this Agreement shall be construed as giving the Participant the right to continue to serve as an Outside Director or to otherwise be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company may at any time for any reason terminate the Participant's services as an Outside Director and the Company or an Affiliate may dismiss the Participant or discontinue any employment or consulting relationship with the Participant, in each case free from any liability or any claim under the Plan or this Agreement, except as otherwise expressly provided herein.

6. Withholding. By accepting this RSU Award, the Participant agrees to make any appropriate arrangements with the Company for satisfaction of any applicable federal, state or local income tax, withholding requirements or like requirements, including any payment to the Company upon the vesting of the RSUs (or such earlier or later date as may be applicable under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code")), or other settlement in respect of, the RSUs of all such taxes and requirements and the Company shall be authorized to take such action as may be necessary in the opinion of the Company's counsel (including, without limitation, withholding vested Shares otherwise deliverable to Participant hereunder and/or withholding amounts from any compensation or other amount owing from the Company to the Participant) to satisfy all obligations for the payment of such taxes.

7. No Advice Regarding Award. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying RSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

8. Securities Laws. Upon the vesting of any RSUs, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Exchange Rates. Neither the Company nor any Affiliate shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's RSUs or of any amounts due to the Participant pursuant to the vesting or other settlement of the RSUs or, if applicable, the subsequent sale of Shares acquired upon vesting.

10. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the RSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the RSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A.

11. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.

13. Acknowledgements. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that:

- (a) the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee;
- (b) the grant of RSUs is voluntary and occasional and does not create any contractual or other right to receive future RSUs, or benefits in lieu of these awards, even if RSUs have been granted in the past;
- (c) the Participant is subject to the Company's Securities Trading Policy; and
- (d) no claim or entitlement to compensation or damages shall arise from the forfeiture of the RSUs (either in whole or in part) resulting from the Participant's termination of service, other than due to the Participant's death or Disability.

RALPH LAUREN CORPORATION

By: _____
NAME
TITLE

This Non-Employee Director Restricted Stock Unit Award Agreement effective as of [DATE] has been accepted by, and agreed to:

[NAME]

RALPH LAUREN CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the “Agreement”), is made, effective as of [DATE] (the “Grant Date”), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the “Company”), and [NAME] (hereinafter called the “Participant”).

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the “Plan”) which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed [here](#) [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein (“Restricted Stock Unit Award” or “RSU Award”) to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Restricted Stock Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Restricted Stock Unit Award consisting of [] Restricted Stock Units (“RSUs”). The RSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. Vesting.
 - (a) Subject to the Participant’s continued service as an Employee of the Company, the RSUs shall vest and become non-forfeitable on the third anniversary of the Grant Date (cliff vesting).
 - (b) Once vested, the RSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall instead only vest and become non-forfeitable when such fractional Shares aggregate whole Shares.
 - (d) If the Participant’s service as an Employee of the Company is terminated for any reason other than due to the Participant’s death or Disability, or due to Participant’s Retirement (as defined below), the RSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
 - (e) In the event that Participant’s employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in 1/3 of the RSUs that would have otherwise vested had

service continued through the Vesting Date, with the RSUs vesting on that date. All RSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all RSUs that would have otherwise vested had service continued through the Vesting Date, with the RSUs vesting on that date.

- (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all RSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.

3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any RSUs unless and until the RSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying RSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.
6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the RSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the RSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation

(or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.

7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 13(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for RSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any RSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after an RSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive RSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a RSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale

of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no RSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's RSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the RSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. RSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
 - (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - (b) the grant of RSU Awards is voluntary and occasional and does not create any contractual or other right to receive future RSU Awards, or benefits in lieu of these awards, even if RSU Awards have been granted in the past;
 - (c) all decisions with respect to future RSU Awards, if any, will be at the sole discretion of the Committee;
 - (d) the Participant is subject to the Company's Securities Trading Policy;
 - (e) the Participant is voluntarily participating in the Plan;
 - (f) any RSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and
 - (g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a RSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the “Award”) described in the agreement to which this Appendix is attached (the “Agreement”), you have the opportunity to build long-term personal financial value. In exchange and consideration for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the “Obligations”), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality

You will at all times during and after your employment with the Company faithfully hold the Company’s Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. “Confidential Information” means certain proprietary techniques and confidential information as described below, which have great value to the Company’s business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete

You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a “Competing Business.” For purposes hereof, “Competing Business” shall mean any business engaged in the designing, marketing or distribution of premium or mid-tier lifestyle products, including but not limited to apparel, home, accessories and

fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit

You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

Claw Back

If you violate any of the Obligations, the Company has the right to, in its sole and absolute discretion, "Claw Back" the gross value of vested equity grants subject to these post-employment obligations, including restricted stock units ("RSUs"), performance share units ("PSUs"), performance-based restricted stock units ("PRSUs"), and restricted performance share units ("RPSU") (collectively, "Share Units"), as well as from exercised stock options, as follows:

- You will be required to immediately pay back the gross fair market value (the "Value") of all Share Units that vested within the last twelve (12) months of your employment. You will also be required to immediately pay back the Value of all Stock Options that you exercised during the last twelve (12) months of your employment.
- For these purposes, the Value shall be calculated using the closing price of the Company's shares on the date of vesting of all Share Units that vested, and on the date of exercise of all Stock Options that were exercised, as applicable, within the aforementioned twelve (12) month period prior to the date that your employment terminated.
- The Company shall make a written request for the lump sum amount required to restore to the Company the Value of the respective vesting and/or stock option exercises ("Lump Sum"). The Lump Sum payment you are required to make will be reduced to take into account taxes previously withheld by the Company on your behalf only to the extent consistent with Internal Revenue Service rules and the Company's payroll reporting process. You may be required to seek a refund of certain tax withholdings on your personal return with the advice of your personal tax advisor. If you do not return the requested Lump Sum within seven (7) days following the date that the Company makes a written request for such Lump Sum, the Company has the right to take all action necessary to recover the Lump Sum from you, in addition to any attorneys' fees and costs incurred in recovering the Lump Sum.
- All vested and unexercised Stock Options shall be forfeited.

Furthermore, by signing the Agreement, you consent to the Company's right to seek injunctive and other appropriate equitable relief without the requirement to post a bond or other security. The injunctive relief provided for in this paragraph is in addition to any other remedies at law or in equity otherwise available to the Company.

In addition, you acknowledge and agree that during your period of employment and for a period of six (6) months following the date of your termination of employment (if such termination is voluntarily initiated by you for any reason, or, if such termination is initiated by the Company, because of your Misconduct), you will inform the Company, upon acceptance of any job or any work as an independent contractor, of the identity of any new employer or other entity to which you are providing consulting or other services, along with your starting date, title, job description, and other information that the Company may reasonably request to confirm your compliance with the Non-Compete.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable law. Notwithstanding the foregoing, if you are a party to a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, then this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Award Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to Restricted Stock Units and Performance Awards, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization without further consent);
- (b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Affiliate;
- (c) withholding Shares to be issued upon vesting of an Award with a Fair Market Value equal to the applicable Tax-Related Items; or
- (d) any other method approved by the Committee and permitted by applicable law.

Provided, however, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold Shares upon the relevant taxable or tax withholding event, as applicable, equal to the Fair Market Value of the applicable Tax-Related Items unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) (b), and (d) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the

Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary, exceptional and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Committee;
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of an Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, leave pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award, Participant agrees not to institute any claim against the Company or any Affiliate; and
- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) as of the earlier of (a) the date on which Participant ceases to provide active

service to the Company or any Affiliate and (b) the date on which Participant receives a notice of termination from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.**

- a. **Data Collection and Usage.** *The Company and the Employer may collect, and use certain personal information about Participant, and persons closely associated with Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent. Where required under applicable data privacy laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure are the applicable laws.*
- b. **Stock Plan Administration Service Providers.** *The Company transfers Data to Merrill Lynch and/or its affiliated companies ("Merrill Lynch"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
- c. **International Data Transfers.** *The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and in which the Company participates with respect to employee data. The Company's legal basis, where required, for the transfer of Data is Participant's consent.*
- d. **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*
- e. **Data Subject Rights.** *Participant understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where Participant is based and subject to the conditions set out in such applicable law, Participant may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about Participant that is inaccurate, incomplete or out-of-date in light of the purposes*

underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of Participant's Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Participant's Data that Participant has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or Participant's employment and is carried out by automated means. In case of concerns, Participant understands that Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant's rights, Participant understands that he or she should contact his or her local human resources representative.

- f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Awards to Participant or administer or maintain such Awards.
- g. Declaration of Consent. By accepting an Award and indicating consent via the Company's acceptance procedures, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Furthermore, if Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in Participant's or the broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired

under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant should consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted only in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Severability.** The provisions of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.

15. **Country-Specific Terms and Conditions.** Notwithstanding any provisions in the Award Agreement, including the Terms and Conditions for Non-U.S. Participants, any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Terms and Conditions

Australian Offer Document. Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to Participant.

Notifications

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report on his/her own.

Bangladesh

Exchange Control Information. Bangladesh residents must repatriate all cash proceeds received from participation in the Plan to Bangladesh within the period of time prescribed under applicable exchange control laws, as may be amended from time to time. It is Participant's responsibility to comply with exchange control laws in Bangladesh, and Participant should consult with his or her personal advisor about this matter.

Belgium

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report any security (e.g., Shares acquired under the Plan) or bank accounts held outside of Belgium on his or her annual tax return. In a separate report, Participant will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will apply when Shares acquired pursuant to the Award are sold. Participant should consult with a personal tax or financial advisor for additional details on Participant's obligations with respect to the stock exchange tax.

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date Participant's employment with the Company or any Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant's right to vest in the Award under the Plan, if any, will terminate effective as of the last day of Participant's minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant's statutory notice period, nor will Participant be entitled to any compensation for lost vesting;

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, New York Stock Exchange ("NYSE")).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported -- generally at a nil cost -- if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by

April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "**Mandatory Sale Date**"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or

less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Type of Grant. The Awards are not granted as "French-qualified" Awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 to L. 225-197-6 of the French Commercial Code, as amended.

Language Acknowledgement. *En acceptant l'attribution (the "Award"), Participant confirmez ainsi avoir lu et compris les documents relatifs à cette attribution qui ont été communiqués au Participant en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account, Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing Participant's annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. The German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: www.bundesbank.de.

Greece

There are no country-specific provisions.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the grant date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the grant date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. *An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees and other service providers of the Company or its Affiliates. The Plan, the Plan prospectus, the Award Agreement and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.*

India

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the proceeds. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Ireland

There are no country-specific provisions.

Italy

Terms and Conditions

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy if such value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Exchange Control Information. Korea residents who realized US\$500,000 or more from the sale of Shares or receipt of dividends in a single transaction before July 18, 2017 are required to repatriate the proceeds to Korea within three years of receipt.

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). Participant should consult his or her personal tax advisor regarding reporting requirements in Korea.

Netherlands

There are no country-specific provisions.

Portugal

Terms and Conditions

Language Acknowledgement. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua.*Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Singapore

Terms and Conditions

Restrictions on Sale and Transferability. Participant hereby agrees that any Shares acquired pursuant to the Awards will not be offered for sale in Singapore prior to the six-month anniversary of the grant date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Notifications

Securities Law Information. The grant of Awards is being made in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Reporting Information. If Participant is the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Affiliate in writing when Participant receives an interest (e.g., Awards, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming the CEO or a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan, the Award Agreement, the Terms and Conditions for Non-U.S. Participants or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant’s employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with Cause, disciplinary dismissal adjudged or recognized to be without Good Reason (*i.e.*, subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute and/or Article 50 of the Workers’ Statute, and unilateral withdrawal by the Employer under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. The Awards described in the Award Agreement do not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan, Award Agreement or any other grant materials have not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, or sell or dispose of such Shares, Participant must declare the importation, ownership and disposition of such securities to the Spanish *Dirección General de Comercio e Inversiones* (the “**DGCI**”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530), the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, Participant will generally be required to report all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, Participant will only be required to report on an annual basis (by January 20 of each year).

In addition, to the extent Participant holds Shares, and/or has bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31 (or at any time during the year in which Participant sells or disposes of such asset), Participant will be required to report information on such assets on Participant’s tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. Because the offer of the Awards is considered a private offering in Switzerland, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of Shares) into or out of Taiwan up to US\$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more, Participant may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

Turkey

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "RL" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Participant acknowledges that any activity related to investments in foreign securities (*e.g.*, the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant is solely responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Without limitation to Section 1 of the Terms and Conditions for Non-U.S. Participants, Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant as it may be considered a loan. In this case, the amount of any income tax not collected from or paid by Participant may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

RALPH LAUREN CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the “Agreement”), is made, effective as of [DATE] (the “Grant Date”), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the “Company”), and [NAME] (hereinafter called the “Participant”).

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2019 Long-Term Stock Incentive Plan (the “Plan”) which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed [here](#) [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the restricted stock unit award provided for herein (“Restricted Stock Unit Award” or “RSU Award”) to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Restricted Stock Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Restricted Stock Unit Award consisting of [] Restricted Stock Units (“RSUs”). The RSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. Vesting.
 - (a) Subject to the Participant’s continued service as an Employee of the Company, the RSUs shall vest and become non-forfeitable with respect to one-third (1/3) of the RSUs initially granted hereunder on each of (i) the first anniversary of the Grant Date, (ii) the second anniversary of the Grant Date, and (iii) the third anniversary of the Grant Date (pro-rata vesting).
 - (b) Once vested, the RSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
 - (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall instead only vest and become non-forfeitable when such fractional Shares aggregate whole Shares.
 - (d) If the Participant’s service as an Employee of the Company is terminated for any reason other than due to the Participant’s death or Disability, or due to Participant’s Retirement (as defined below), the RSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.

- (e) In the event that Participant's employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in the RSUs that would have otherwise vested had service continued through the first anniversary of the Grant Date, with such RSUs vesting on that date. All RSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all remaining unvested RSUs on the same dates they would have vested had Participant's employment continued through such dates.
- (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all RSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any RSUs unless and until the RSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying RSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.
6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the RSU Award under this Agreement from Section 409A and/or

preserve the intended tax treatment of the RSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.

7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.
8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 13(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for RSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any RSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after an RSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions

that limit or modify rights on eligibility to receive RSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a RSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no RSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's RSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the RSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. RSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
 - (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - (b) the grant of RSU Awards is voluntary and occasional and does not create any contractual or other right to receive future RSU Awards, or benefits in lieu of these awards, even if RSU Awards have been granted in the past;
 - (c) all decisions with respect to future RSU Awards, if any, will be at the sole discretion of the Committee;
 - (d) the Participant is subject to the Company's Securities Trading Policy;
 - (e) the Participant is voluntarily participating in the Plan;
 - (f) any RSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and
 - (g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a RSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY [DATE] OR THE RSU AWARD SHALL BE FORFEITED

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange and consideration for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality

You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete

You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium or mid-tier lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that

controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit

You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

Claw Back

If you violate any of the Obligations, the Company has the right to, in its sole and absolute discretion, "Claw Back" the gross value of vested equity grants subject to these post-employment obligations, including restricted stock units ("RSUs"), performance share units ("PSUs"), performance-based restricted stock units ("PRSUs"), and restricted performance share units ("RPSU") (collectively, "Share Units"), as well as from exercised stock options, as follows:

- You will be required to immediately pay back the gross fair market value (the "Value") of all Share Units that vested within the last twelve (12) months of your employment. You will also be required to immediately pay back the Value of all Stock Options that you exercised during the last twelve (12) months of your employment.
- For these purposes, the Value shall be calculated using the closing price of the Company's shares on the date of vesting of all Share Units that vested, and on the date of exercise of all Stock Options that were exercised, as applicable, within the aforementioned twelve (12) month period prior to the date that your employment terminated.
- The Company shall make a written request for the lump sum amount required to restore to the Company the Value of the respective vesting and/or stock option exercises ("Lump Sum"). The Lump Sum payment you are required to make will be reduced to take into account taxes previously withheld by the Company on your behalf only to the extent consistent with Internal Revenue Service rules and the Company's payroll reporting process. You may be required to seek a refund of certain tax withholdings on your personal return with the advice of your personal tax advisor. If you do not return the requested Lump Sum within seven (7) days following the date that the Company makes a written request for such Lump Sum, the Company has the right to take all action necessary to recover the Lump Sum from you, in addition to any attorneys' fees and costs incurred in recovering the Lump Sum.
- All vested and unexercised Stock Options shall be forfeited.

Furthermore, by signing the Agreement, you consent to the Company's right to seek injunctive and other appropriate equitable relief without the requirement to post a bond or other security. The injunctive relief provided for in this paragraph is in addition to any other remedies at law or in equity otherwise available to the Company.

In addition, you acknowledge and agree that during your period of employment and for a period of six (6) months following the date of your termination of employment (if such termination is voluntarily initiated by you for any reason, or, if such termination is initiated by the Company, because of your Misconduct), you will inform the Company, upon acceptance of any job or any work as an independent contractor, of the identity of any new

employer or other entity to which you are providing consulting or other services, along with your starting date, title, job description, and other information that the Company may reasonably request to confirm your compliance with the Non-Compete.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable law. Notwithstanding the foregoing, if you are a party to a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, then this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Award Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to Restricted Stock Units and Performance Awards, as the case may be (collectively, the “Awards”).

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant’s employer or the entity to which Participant otherwise provides services (the “Employer”), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant’s participation in the Plan and legally applicable to Participant (“Tax-Related Items”) is and remains Participant’s responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant’s liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant’s behalf pursuant to this authorization without further consent);
- (b) withholding from Participant’s wages or other cash compensation paid to Participant by the Company or any Affiliate;
- (c) withholding Shares to be issued upon vesting of an Award with a Fair Market Value equal to the applicable Tax-Related Items; or
- (d) any other method approved by the Committee and permitted by applicable law.

Provided, however, if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold Shares upon the relevant taxable or tax withholding event, as applicable, equal to the Fair Market Value of the applicable Tax-Related Items unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) (b), and (d) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant’s participation in the

Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary, exceptional and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Committee;
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of an Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, leave pay, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award, Participant agrees not to institute any claim against the Company or any Affiliate; and
- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant should consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) as of the earlier of (a) the date on which Participant ceases to provide active

service to the Company or any Affiliate and (b) the date on which Participant receives a notice of termination from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.**

- a. **Data Collection and Usage.** *The Company and the Employer may collect, and use certain personal information about Participant, and persons closely associated with Participant, including, but not limited to, Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is Participant's consent. Where required under applicable data privacy laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure are the applicable laws.*
- b. **Stock Plan Administration Service Providers.** *The Company transfers Data to Merrill Lynch and/or its affiliated companies ("Merrill Lynch"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
- c. **International Data Transfers.** *The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program, which is open to companies subject to Federal Trade Commission jurisdiction and in which the Company participates with respect to employee data. The Company's legal basis, where required, for the transfer of Data is Participant's consent.*
- d. **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*
- e. **Data Subject Rights.** *Participant understands that data subject rights regarding the processing of Data vary depending on applicable law and that, depending on where Participant is based and subject to the conditions set out in such applicable law, Participant may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about Participant and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about Participant that is inaccurate, incomplete or out-of-date in light of the purposes*

underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of Participant's Data in certain situations where Participant feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and to (vi) request portability of Participant's Data that Participant has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or Participant's employment and is carried out by automated means. In case of concerns, Participant understands that Participant may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, Participant's rights, Participant understands that he or she should contact his or her local human resources representative.

f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke Participant's consent, Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Awards to Participant or administer or maintain such Awards.

g. Declaration of Consent. By accepting an Award and indicating consent via the Company's acceptance procedures, Participant is declaring that Participant agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** Participant acknowledges that Participant is sufficiently proficient in English, or has consulted with an advisor who is sufficiently proficient in English, so as to allow Participant to understand the terms and conditions of this Award Agreement. Furthermore, if Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws in Participant's or the broker's country, which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (e.g., Awards) or rights linked to the value of Shares (e.g., phantom awards, futures) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before he or she possessed inside information. Furthermore, Participant may be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and Participant should speak to his or her personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares or sales proceeds from the sale of Shares acquired

under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant should consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the exclusive jurisdiction of the State of New York, agree that such litigation shall be conducted only in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Severability.** The provisions of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Award Agreement (including the Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.

15. **Country-Specific Terms and Conditions.** Notwithstanding any provisions in the Award Agreement, including the Terms and Conditions for Non-U.S. Participants, any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of February 2020. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment and/or residency after the grant date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Terms and Conditions

Australian Offer Document. Participant understands that the offering of the Plan in Australia is intended to qualify for exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to Participant.

Notifications

Tax Notification. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report for Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report on his/her own.

Bangladesh

Exchange Control Information. Bangladesh residents must repatriate all cash proceeds received from participation in the Plan to Bangladesh within the period of time prescribed under applicable exchange control laws, as may be amended from time to time. It is Participant's responsibility to comply with exchange control laws in Bangladesh, and Participant should consult with his or her personal advisor about this matter.

Belgium

Notifications

Foreign Asset/Account Reporting Information. Participant is required to report any security (e.g., Shares acquired under the Plan) or bank accounts held outside of Belgium on his or her annual tax return. In a separate report, Participant will be required to provide the National Bank of Belgium with certain details regarding such foreign accounts (including the account number, bank name and country in which any such account is located). This report, as well as information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption.

Stock Exchange Tax Information. A stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax will apply when Shares acquired pursuant to the Award are sold. Participant should consult with a personal tax or financial advisor for additional details on Participant's obligations with respect to the stock exchange tax.

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date Participant's employment with the Company or any Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer, regardless of any period during which notice, pay in lieu of notice or related payments or damages are provided or required to be provided under local law. Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant's right to vest in the Award under the Plan, if any, will terminate effective as of the last day of Participant's minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant's statutory notice period, nor will Participant be entitled to any compensation for lost vesting;

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, New York Stock Exchange ("NYSE")).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported -- generally at a nil cost -- if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by

April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "**Mandatory Sale Date**"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or

less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Type of Grant. The Awards are not granted as "French-qualified" Awards and are not intended to qualify for the special tax and social security treatment applicable to shares granted for no consideration under Sections L. 225-197 to L. 225-197-6 of the French Commercial Code, as amended.

Language Acknowledgement. *En acceptant l'attribution (the "Award"), Participant confirmez ainsi avoir lu et compris les documents relatifs à cette attribution qui ont été communiqués au Participant en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account, Participant is required to report such accounts (including any accounts that were opened or closed during the year) to the French tax authorities when filing Participant's annual tax return. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. The German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: www.bundesbank.de.

Greece

There are no country-specific provisions.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the grant date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered for sale to the public or otherwise disposed of prior to the six-month anniversary of the grant date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan, Award Agreement or any other grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. *An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees and other service providers of the Company or its Affiliates. The Plan, the Plan prospectus, the Award Agreement and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.*

India

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the proceeds. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

It is Participant's responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Ireland

There are no country-specific provisions.

Italy

Terms and Conditions

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy if such value exceeds a certain threshold. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Exchange Control Information. Korea residents who realized US\$500,000 or more from the sale of Shares or receipt of dividends in a single transaction before July 18, 2017 are required to repatriate the proceeds to Korea within three years of receipt.

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). Participant should consult his or her personal tax advisor regarding reporting requirements in Korea.

Netherlands

There are no country-specific provisions.

Portugal

Terms and Conditions

Language Acknowledgement. Participant hereby expressly declares that Participant has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua.*Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo.*

Singapore

Terms and Conditions

Restrictions on Sale and Transferability. Participant hereby agrees that any Shares acquired pursuant to the Awards will not be offered for sale in Singapore prior to the six-month anniversary of the grant date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division 1 Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”).

Notifications

Securities Law Information. The grant of Awards is being made in reliance on the “Qualifying Person” exemption under section 273(1)(f) of the SFA for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Reporting Information. If Participant is the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act, regardless of whether Participant is a Singapore resident or employed in Singapore. Among these requirements is an obligation to notify the Singapore Affiliate in writing when Participant receives an interest (*e.g.*, Awards, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming the CEO or a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan, the Award Agreement, the Terms and Conditions for Non-U.S. Participants or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant’s employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with Cause, disciplinary dismissal adjudged or recognized to be without Good Reason (*i.e.*, subject to a “despido improcedente”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute and/or Article 50 of the Workers’ Statute, and unilateral withdrawal by the Employer under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. The Awards described in the Award Agreement do not qualify under Spanish regulations as a security. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan, Award Agreement or any other grant materials have not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and none of those documents constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, or sell or dispose of such Shares, Participant must declare the importation, ownership and disposition of such securities to the Spanish *Dirección General de Comercio e Inversiones* (the “**DGCI**”). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530), the declaration must be filed within one month of the acquisition or sale, as applicable.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, Participant will generally be required to report all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, Participant will only be required to report on an annual basis (by January 20 of each year).

In addition, to the extent Participant holds Shares, and/or has bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31 (or at any time during the year in which Participant sells or disposes of such asset), Participant will be required to report information on such assets on Participant’s tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. Because the offer of the Awards is considered a private offering in Switzerland, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federal Act on Financial Services (“FinSA”), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland, to any person other than an employee of the Company or one of its subsidiaries or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of Shares) into or out of Taiwan up to US\$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more, Participant may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

Turkey

Notifications

Securities Law Information. Under Turkish law, Participant is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "RL" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Participant acknowledges that any activity related to investments in foreign securities (*e.g.*, the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. Participant is solely responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Without limitation to Section 1 of the Terms and Conditions for Non-U.S. Participants, Participant agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on Participant's behalf (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), Participant may not be able to indemnify the Company or the Employer for the amount of any income tax not collected from or paid by the Participant as it may be considered a loan. In this case, the amount of any income tax not collected from or paid by Participant may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

CERTIFICATION

I, Patrice Louvet, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICE LOUVET

Patrice Louvet

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 5, 2020

CERTIFICATION

I, Jane Hamilton Nielsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JANE HAMILTON NIELSEN

Jane Hamilton Nielsen

*Chief Operating Officer and Chief Financial Officer
(Principal Financial and Accounting Officer)*

Date: November 5, 2020

**Certification of Patrice Louvet Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Ralph Lauren Corporation (the "Company") on Form 10-Q for the period ended September 26, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrice Louvet, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PATRICE LOUVET

Patrice Louvet

Date: November 5, 2020

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ralph Lauren Corporation and will be retained by Ralph Lauren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Jane Hamilton Nielsen Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Ralph Lauren Corporation (the "Company") on Form 10-Q for the period ended September 26, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jane Hamilton Nielsen, Chief Operating Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ JANE HAMILTON NIELSEN

Jane Hamilton Nielsen

Date: November 5, 2020

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Ralph Lauren Corporation and will be retained by Ralph Lauren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.