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 June 29, 2013

or

o **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	**13-2622036**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
650 Madison Avenue, New York, New York	**10022**
(Address of principal executive offices)	*(Zip Code)*

(212) 318-7000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No o

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

Large accelerated filer	☑	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

At August 2, 2013, 60,597,529 shares of the registrant's Class A common stock, $.01 par value, and 29,881,276 shares of the registrant's Class B common stock, $.01 par value, were outstanding.

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RALPH LAUREN CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 29, 2013	March 30, 2013
	(millions) (unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 940	$ 974
Short-term investments	411	325
Accounts receivable, net of allowances of $260 million and $245 million	349	458
Inventories	1,053	896
Income tax receivable	28	29
Deferred tax assets	117	120
Prepaid expenses and other current assets	186	161
Total current assets	3,084	2,963
Non-current investments	9	81
Property and equipment, net	944	932
Deferred tax assets	22	22
Goodwill	963	968
Intangible assets, net	325	328
Other non-current assets	113	124
Total assets	$ 5,460	$ 5,418
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 271	$ 267
Accounts payable	196	147
Income tax payable	71	43
Accrued expenses and other current liabilities	641	664
Total current liabilities	1,179	1,121
Non-current liability for unrecognized tax benefits	151	150
Other non-current liabilities	369	362
Commitments and contingencies (Note 14)		
Total liabilities	1,699	1,633
Equity:		
Class A common stock, par value $.01 per share; 94.3 million and 93.6 million shares issued; 60.6 million and 61.0 million shares outstanding	1	1
Class B common stock, par value $.01 per share; 29.9 million shares issued and outstanding	—	—
Additional paid-in-capital	1,797	1,752
Retained earnings	4,791	4,647
Treasury stock, Class A, at cost; 33.7 million and 32.6 million shares	(2,910)	(2,709)
Accumulated other comprehensive income	82	94
Total equity	3,761	3,785
Total liabilities and equity	$ 5,460	$ 5,418

See accompanying notes.

RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions, except per share data) (unaudited)	
Net sales	$ 1,614	$ 1,551
Licensing revenue	39	42
Net revenues	1,653	1,593
Cost of goods sold[(a)]	(649)	(601)
Gross profit	1,004	992
Selling, general, and administrative expenses[(a)]	(735)	(693)
Amortization of intangible assets	(9)	(7)
Gain on acquisition of Chaps	16	—
Total other operating expenses, net	(728)	(700)
Operating income	276	292
Foreign currency losses	(6)	(3)
Interest expense	(5)	(5)
Interest and other income, net	2	1
Equity in losses of equity-method investees	(2)	(1)
Income before provision for income taxes	265	284
Provision for income taxes	(84)	(91)
Net income	$ 181	$ 193
Net income per common share:		
Basic	$ 1.99	$ 2.10
Diluted	$ 1.94	$ 2.03
Weighted average common shares outstanding:		
Basic	90.8	92.2
Diluted	93.1	95.1
Dividends declared per share	$ 0.40	$ 0.40
[(a)] Includes total depreciation expense of:	$ (51)	$ (49)

See accompanying notes.

RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions) (unaudited)	
Net income	$ 181	$ 193
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(2)	(41)
Net gains (losses) on derivatives	(5)	6
Net loss on available-for-sale investments	(5)	—
Other comprehensive loss, net of tax	(12)	(35)
Total comprehensive income	$ 169	$ 158

See accompanying notes.

RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions) (unaudited)	
Cash flows from operating activities:		
Net income	$ 181	$ 193
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	60	56
Deferred income tax benefit	(8)	(6)
Equity in losses of equity-method investees	2	1
Non-cash stock-based compensation expense	22	22
Gain on acquisition of Chaps	(16)	—
Excess tax benefits from stock-based compensation arrangements	(17)	(20)
Other non-cash charges, net	1	3
Changes in operating assets and liabilities:		
Accounts receivable	131	149
Inventories	(129)	(131)
Accounts payable and accrued liabilities	4	8
Income tax receivables and payables	42	7
Deferred income	(6)	(8)
Other balance sheet changes, net	28	(5)
Net cash provided by operating activities	295	269
Cash flows from investing activities:		
Acquisitions and ventures, net of cash acquired and purchase price settlements	(32)	(7)
Purchases of investments	(305)	(278)
Proceeds from sales and maturities of investments	298	218
Capital expenditures	(66)	(62)
Change in restricted cash deposits	(2)	8
Net cash used in investing activities	(107)	(121)
Cash flows from financing activities:		
Payments of capital lease obligations	(2)	(3)
Payments of dividends	(36)	(19)
Repurchases of common stock, including shares surrendered for tax withholdings	(151)	(347)
Prepayments of common stock repurchases	(50)	—
Proceeds from exercise of stock options	5	3
Excess tax benefits from stock-based compensation arrangements	17	20
Net cash used in financing activities	(217)	(346)
Effect of exchange rate changes on cash and cash equivalents	(5)	(5)
Net decrease in cash and cash equivalents	(34)	(203)
Cash and cash equivalents at beginning of period	974	672
Cash and cash equivalents at end of period	$ 940	$ 469

See accompanying notes.

1. Description of Business

Ralph Lauren Corporation ("RLC") is a global leader in the design, marketing, and distribution of premium lifestyle products, including men's, women's, and children's apparel, accessories, fragrances, and home furnishings. RLC's long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands, and international markets. RLC's brand names include Ralph Lauren Women's Collection, Purple Label, Black Label, Blue Label, Polo Ralph Lauren, RRL, Ralph Lauren Childrenswear, Lauren by Ralph Lauren, RLX Ralph Lauren, Denim & Supply Ralph Lauren, Ralph Lauren, 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 classifies its businesses into three segments: Wholesale, Retail, and Licensing. The Company's wholesale sales are made principally to major department stores and specialty stores located throughout North America, Europe, Asia, and Latin America. The Company also sells directly to consumers through its integrated retail channel, which includes retail stores located throughout North America, Europe, and Asia; concession-based shop-within-shops located primarily in Asia and Europe; and its retail e-commerce operations in North America, Europe, and Asia. The Company also licenses the right to unrelated third parties to operate retail stores and to use its various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear, and fragrances, in specified geographical areas for specified periods.

2. Basis of Presentation

Interim Financial Statements

These interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and are unaudited. In the opinion of management, such consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial position, income, comprehensive income, and cash flows of the Company for the interim periods presented. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") 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 30, 2013 (the "Fiscal 2013 10-K").

Basis of Consolidation

The unaudited interim consolidated financial statements present the financial position, income, comprehensive income, 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 Year

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2014 will end on March 29, 2014 and will be a 52-week period ("Fiscal 2014"). Fiscal year 2013 ended on March 30, 2013 and was also a 52-week period ("Fiscal 2013"). The first quarter of Fiscal 2014 ended on June 29, 2013 and was a 13-week period. The first quarter of Fiscal 2013 ended on June 30, 2012 and was a 13-week period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes 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, and operational chargebacks; the realizability of inventory; reserves for litigation and other contingencies; useful lives and impairments of long-lived tangible and intangible assets; accounting for income taxes and related uncertain tax positions; the valuation of stock-based compensation and related expected forfeiture rates; reserves for restructuring; and accounting for business combinations, among others.

Reclassifications

Certain reclassifications have been made to the prior periods' 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 wholesale sales in its second and fourth quarters and higher retail sales in its second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school, and holiday shopping periods in the Retail segment. In addition, fluctuations in sales, operating income, 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 period ended June 29, 2013 are not necessarily indicative of the operating results and cash flows that may be expected for the full Fiscal 2014.

3. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized across all segments of the business when there is persuasive evidence of an arrangement, delivery has occurred, price has been fixed or is determinable, and collectability is reasonably assured.

Revenue within the Company's Wholesale segment is recognized at the time title passes and risk of loss is transferred to customers. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdown allowances, 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 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 costs have not differed materially from actual results.

Retail store and concession-based shop-within-shop revenue is recognized net of estimated returns at the time of sale to customers. E-commerce revenue from sales of products ordered through the Company's retail Internet sites is recognized upon delivery and receipt of the shipment by its customers. Such revenue is also reduced by an estimate of returns.

Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. The Company recognizes income for unredeemed gift cards when the likelihood of a gift card being redeemed by a customer is remote and the Company determines that it does not have a legal obligation to remit the value of the unredeemed gift card to the relevant jurisdiction as unclaimed or abandoned property.

Revenue from licensing arrangements is recognized when earned in accordance with the terms of the underlying agreements, generally based upon the higher of (i) contractually guaranteed minimum royalty levels or (ii) actual sales and royalty data, or estimates thereof, received from the Company's licensees.

The Company accounts for sales taxes and other related taxes on a net basis, excluding such taxes from revenue.

Shipping and Handling Costs

The costs associated with shipping goods to customers are reflected as a component of selling, general, and administrative ("SG&A") expenses in the unaudited interim consolidated statements of income. Shipping costs were $8 million during each of the three-month periods ended June 29, 2013 and June 30, 2012. The costs of preparing merchandise for sale, such as picking, packing, warehousing, and order charges (“handling costs”) are also included in SG&A expenses. Handling costs were $39 million and $36 million during the three-month periods ended June 29, 2013 and June 30, 2012, respectively. Shipping and handling costs billed to customers are included in revenue.

Net Income per Common Share

Basic net income per common share is computed by dividing net income applicable 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 per common share adjusts basic net income per common share for the effects of outstanding stock options, restricted stock, restricted stock units ("RSUs"), and any other potentially dilutive financial instruments, only in the periods in which such effects are dilutive under the treasury stock method.

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

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Basic shares	90.8	92.2
Dilutive effect of stock options, restricted stock, and restricted stock units	2.3	2.9
Diluted shares	93.1	95.1

Options to purchase shares of the Company's 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 per common share. In addition, the Company has outstanding RSUs that are issuable only upon the achievement of certain service and/or performance goals. Performance-based restricted stock units are included in the computation of diluted shares only to the extent that the underlying performance conditions (and any applicable market condition modifiers) (i) are satisfied as of the end of the reporting period or (ii) would be satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of June 29, 2013 and June 30, 2012, there were approximately 0.5 million and 0.4 million, respectively, of additional shares issuable upon exercise of anti-dilutive options and contingent vesting of performance-based RSUs which were excluded from the diluted share calculations.

Accounts Receivable

In the normal course of business, the Company extends credit to wholesale customers that satisfy defined credit criteria. Accounts receivable, net is recorded at carrying value, 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 *Revenue Recognition* for further discussion of related accounting policies) and (ii) allowances for doubtful accounts.

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	
	June 29, 2013	June 30, 2012
	(millions)	
Beginning reserve balance	$ 230	$ 247
Amount charged against revenue to increase reserve	160	138
Amount credited against customer accounts to decrease reserve	(147)	(151)
Foreign currency translation	2	(6)
Ending reserve balance	$ 245	$ 228

An allowance for doubtful accounts is determined through analysis of periodic aging of accounts receivable, assessments of collectability based on an evaluation of historical and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions, among other factors. The Company's allowance for doubtful accounts was $15 million as of both June 29, 2013 and March 30, 2013. The change in the allowance for doubtful accounts was not material during the three-month periods ended June 29, 2013 and June 30, 2012.

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department and specialty stores located throughout North America, Europe, Asia, and Latin America, 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 2013, the Company's sales to its largest wholesale customer, Macy's, Inc. ("Macy's"), accounted for approximately 12% of its total net revenues. Further, the Company's sales to its three key wholesale customers, including Macy's, represented approximately 45% of all Wholesale revenues and approximately 20% of total net revenues during Fiscal 2013. As of June 29, 2013, these three key wholesale customers represented approximately 30% of gross accounts receivable.

Derivative Financial Instruments

The Company records all derivative financial instruments on its consolidated balance sheets at fair value. For derivative instruments that qualify for hedge accounting, the effective portion of changes in their fair value is either (i) offset against the changes in fair value of the hedged assets, liabilities, or firm commitments through earnings or (ii) recognized in equity as a component of accumulated other comprehensive income ("AOCI") until the hedged item is recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows, respectively.

Each derivative instrument entered into by the Company that qualifies for hedge accounting is expected to be highly effective at reducing the risk associated with the exposure being hedged. For each derivative instrument that is designated as a hedge, the Company formally 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 prospectively and retrospectively over the term of the instrument. To assess the effectiveness of derivative instruments that are designated as hedges, the Company uses statistical methods, including regression analysis, to compare the change in the fair value of the derivative instrument to the change 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 continue to be highly effective in achieving offsetting changes in fair value or cash flows is assessed and documented by the Company on at least a quarterly basis.

To the extent that a derivative instrument designated as a cash flow hedge is not considered to be effective, any change in its fair value relating to such ineffectiveness is immediately recognized in earnings within foreign currency gains (losses). If it is determined that a derivative instrument has not been highly effective, and will continue not to be highly effective in hedging the designated exposure, hedge accounting is discontinued and further gains (losses) are recognized in earnings within foreign currency gains (losses). Upon discontinuance of hedge accounting, the cumulative change in fair value of the derivative instrument previously recorded in AOCI is recognized in earnings when the related hedged item affects earnings consistent with the original hedging strategy, unless the forecasted transaction is no longer probable of occurring, in which case the accumulated amount is immediately recognized in earnings within foreign currency gains (losses).

As a result of the use of derivative instruments, the Company is exposed to the risk that the counterparties to such contracts will fail to meet their contractual obligations. To mitigate this 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 financial 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 the creditworthiness of counterparties. The Company also enters into master netting arrangements with counterparties, when possible, to mitigate credit risk associated with its derivative instruments. 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, among others, 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, the Company classifies proceeds received or amounts paid upon the settlement of a derivative instrument in the same manner as the related item being hedged.

Forward Foreign Currency Exchange Contracts

The Company primarily enters into forward foreign currency exchange contracts as hedges to reduce its risks related to exchange rate fluctuations on inventory purchases, intercompany royalty payments made by certain of its international operations, intercompany contributions made to fund certain marketing efforts of its international operations, and other foreign currency-denominated operational cash flows. To the extent forward foreign currency exchange contracts designated as cash flow hedges are highly effective in offsetting changes in the value of the hedged items, the related gains (losses) are initially deferred in equity as a component of AOCI and subsequently recognized in the consolidated statements of income as follows:

- *Forecasted Inventory Purchases* — Recognized as part of the cost of the inventory purchases being hedged within cost of goods sold when the related inventory is sold.

- *Intercompany Royalty Payments and Marketing Contributions* — Recognized within foreign currency gains (losses) generally in the period in which the related royalties or marketing contributions being hedged are received or paid.

- *Interest Payments on Euro Debt* — Recognized within foreign currency gains (losses) generally in the period in which the related interest payment being hedged is made.

Hedge of a Net Investment in a Foreign Operation

Changes in the fair value of a derivative instrument or a non-derivative financial instrument (such as debt) that is designated as a hedge of a net investment in a foreign operation are reported in the same manner as a translation adjustment, to the extent it is effective as a hedge. In assessing the effectiveness of a non-derivative financial instrument that is designated as a hedge of a net investment, the Company uses the spot rate method of accounting to remeasure the impact of foreign currency exchange rate changes on both its foreign subsidiaries and the financial instrument. If the notional amount of the financial instrument designated as a hedge of a net investment is greater than the portion of the net investment being hedged, hedge ineffectiveness is recognized immediately in earnings within foreign currency gains (losses). To the extent the financial instrument remains effective, changes in its value are recorded in equity as foreign currency translation gains (losses), a component of AOCI, until the sale or liquidation of the hedged net investment.

Undesignated Hedges

All of the Company's undesignated hedges are entered into to hedge specific economic risks, such as foreign currency exchange rate risk. Changes in the fair value of undesignated derivative instruments are immediately recognized in earnings within foreign currency gains (losses).

See Note 13 for further discussion of the Company's derivative financial instruments.

Refer to Note 3 in the Fiscal 2013 10-K for a summary of all of the Company's significant accounting policies.

4. Recently Issued Accounting Standards

Disclosure of Offsetting Assets and Liabilities

In December 2011, the FASB issued new, expanded disclosure requirements for financial instruments surrounding an entity's rights of offset and related counterparty arrangements as ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). ASU 2011-11 requires disclosure of both "gross" and "net" information for recognized financial instruments (including derivatives) that are (i) eligible for offset and presented "net" in the balance sheet or (ii) subject to enforceable master netting agreements, irrespective of whether an entity actually offsets and "net presents" such instruments in the balance sheet. ASU 2011-11 also requires disclosure of any collateral received or posted in connection with master netting agreements or similar arrangements. In January 2013, the FASB issued ASU No. 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities," which limited the scope of ASU 2011-11 to derivatives accounted for in accordance with ASC topic 815, “Derivatives and Hedging,” and securities borrowing and lending transactions. The Company adopted the provisions of ASU 2011-11 as of the beginning of the first quarter of Fiscal 2014, which resulted in expanded financial instrument disclosures (see Note 13), but did not have an impact on the Company's unaudited interim consolidated financial statements.

Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued ASU No. 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (“ASU 2013-02”). ASU 2013-02 requires disclosure of significant amounts reclassified out of AOCI by component. If the amounts are required to be reclassified from AOCI to net income in their entirety in the same reporting period, the effect of such reclassifications on the relevant line items of net income must be presented either on the face of the financial statements or in the notes. For amounts that are not required to be reclassified to net income in their entirety in the same reporting period, cross-references to other disclosures that provide additional details about such reclassifications are required. ASU 2013-02 does not change the requirements for determining or reporting net income or OCI. The Company adopted the provisions of ASU 2013-02 as of the beginning of the first quarter of Fiscal 2014, which resulted in expanded OCI-related disclosures (see Note 16), but did not have an impact on the Company's unaudited interim consolidated financial statements.

Proposed Amendments to Current Accounting Standards

The FASB is currently working on amendments to existing accounting standards governing a number of areas including, but not limited to, accounting for leases. In May 2013, the FASB issued a new exposure draft, “Leases” (the “Exposure Draft”), which would replace the existing guidance in ASC topic 840, “Leases.” Under the Exposure Draft, among other changes in practice, a lessee's rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Other significant provisions of the Exposure Draft include (i) defining the “lease term” to include the noncancellable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance “fixed”; and (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset's economic benefits. The comment period for the Exposure Draft ends on September 13, 2013. If and when effective, this proposed standard will likely have a significant impact on the Company's consolidated financial statements. However, as the standard-setting process is still ongoing, the Company is unable at this time to determine the impact this proposed change in accounting will have on its consolidated financial statements.

5. Acquisition

On April 10, 2013, in connection with the transition of the North American Chaps-branded men's sportswear business ("Chaps Menswear Business") from a licensed to a wholly-owned operation, the Company entered into an agreement with The Warnaco Group, Inc. (“Warnaco”), a subsidiary of PVH Corp. (“PVH”), to acquire certain net assets in exchange for an aggregate payment of approximately $18 million (the "Chaps Menswear License Acquisition"). Warnaco was the Company's licensee for Chaps-branded men's sportswear apparel in North America. The Company funded the Chaps Menswear License Acquisition during the first quarter of Fiscal 2014 with available cash on-hand. In connection with the Chaps Menswear License Acquisition, the Company entered into a transition services agreement with PVH for certain support services related to sourcing, distribution, customer service, finance, and information systems through June 30, 2013.

The Company accounted for the Chaps Menswear License Acquisition as a business combination during the first quarter of Fiscal 2014. The acquisition cost was allocated to the assets acquired and liabilities assumed based on the preliminary purchase price assessment of their respective fair values, as follows:

Assets acquired:	
Inventory	$ 30
Accounts receivable	19
Licensed trademark intangible asset	9
Total assets acquired	58
Liabilities assumed:	
Accounts payable	(22)
Other net liabilities	(2)
Total liabilities assumed	(24)
Fair value of net assets acquired	34
Consideration paid	18
Gain on acquisition[a]	$ 16

[a] The gain on acquisition represents the difference between the acquisition date fair value of net assets acquired and the contractually-defined purchase price under the Company's license agreement with Warnaco, which granted the Company the right to early-terminate the license upon PVH's acquisition of Warnaco in February 2013.

Transaction costs of $3 million were expensed as incurred and classified within SG&A expenses in the unaudited interim consolidated statement of income for the three months ended June 29, 2013.

The licensed trademark intangible asset was valued using the excess earnings method. This approach discounts the estimated after-tax cash flows associated with the Chaps men's sportswear licensed trademark as of the acquisition date, factoring in market participant-based operating and cash flow assumptions. The reacquired licensed trademark intangible asset is being amortized over a nine-month period through December 31, 2013, representing the remaining term of the prior license agreement that was terminated in connection with this acquisition.

The operating results of the Chaps Menswear Business have been consolidated in the Company's operating results beginning on April 10, 2013.

6. Inventories

Inventories consist of the following:

	June 29, 2013	March 30, 2013	June 30, 2012
		(millions)	
Raw materials	$ 5	$ 5	$ 9
Work-in-process	2	1	2
Finished goods	1,046	890	953
Total inventories	$ 1,053	$ 896	$ 964

7. Property and Equipment

Property and equipment, net consists of the following:

	June 29, 2013	March 30, 2013
	(millions)	
Land and improvements	$ 10	$ 10
Buildings and improvements	130	130
Furniture and fixtures	611	601
Machinery and equipment	194	189
Capitalized software	322	252
Leasehold improvements	956	934
Construction in progress	87	137
	2,310	2,253
Less: accumulated depreciation	(1,366)	(1,321)
Property and equipment, net	$ 944	$ 932

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	June 29, 2013	March 30, 2013
	(millions)	
Accrued operating expenses	$ 174	$ 172
Accrued payroll and benefits	107	199
Accrued inventory	170	93
Accrued capital expenditures	48	53
Deferred income	39	40
Other taxes payable	50	51
Dividends payable	36	36
Other accrued expenses and current liabilities	17	20
Total accrued expenses and other current liabilities	$ 641	$ 664

9. Restructuring

The Company has recorded restructuring liabilities relating to various business growth and cost-savings initiatives. A description of the nature of significant non-acquisition-related restructuring activity and related costs is presented below.

Rugby Closure Plan

In October 2012, the Company approved a plan to wind-down its Rugby brand retail operations (the “Rugby Closure Plan”). This decision was primarily based on the results of an analysis of the brand concept, as well as an opportunity for the Company to reallocate its resources related to these operations to support other high-growth business opportunities and initiatives. In connection with the Rugby Closure Plan, 13 of the Company's 14 global freestanding Rugby stores (certain of which will be converted to other Ralph Lauren brand concepts) and its related domestic e-commerce site located at Rugby.com were closed during the second half of Fiscal 2013. The one remaining Rugby store was closed on June 30, 2013. The Rugby Closure Plan also resulted in a reduction in workforce of approximately 160 employees.

In connection with the Rugby Closure Plan, the Company recorded $7 million in restructuring charges during Fiscal 2013, $4 million of which had not been cash settled and remained a liability as of March 30, 2013. There were no additional restructuring charges recognized by the Company in connection with the Rugby Closure Plan during the three months ended June 29, 2013. As of June 29, 2013, the remaining restructuring liability related to this plan was $2 million expected to be paid in Fiscal 2014, reflecting $2 million in payments made during the three months ended June 29, 2013.

10. Income Taxes

Uncertain Income Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, for the three-month periods ended June 29, 2013 and June 30, 2012 is presented below:

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Unrecognized tax benefits beginning balance	$ 100	$ 129
Additions related to current period tax positions	1	1
Additions related to prior period tax positions	1	—
Reductions related to prior period tax positions	(2)	(1)
Changes related to foreign currency translation	1	(3)
Unrecognized tax benefits ending balance	$ 101	$ 126

The Company classifies interest and penalties related to unrecognized tax benefits as part of its provision for income taxes. A reconciliation of the beginning and ending amounts of accrued interest and penalties related to unrecognized tax benefits for the three-month periods ended June 29, 2013 and June 30, 2012 is presented below:

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Accrued interest and penalties beginning balance	$ 50	$ 39
Net additions charged to expense	1	1
Reductions related to prior period tax positions	(1)	(2)
Accrued interest and penalties ending balance	$ 50	$ 38

The total amount of unrecognized tax benefits, including interest and penalties, was $151 million and $150 million as of as of June 29, 2013 and March 30, 2013, 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 $117 million and $115 million as of June 29, 2013 and March 30, 2013, 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, the 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 those events could cause the Company’s current estimate to change materially in the future.

The Company files tax returns in the U.S. federal and various state, local, and foreign jurisdictions. With a few exceptions, the Company is no longer subject to examinations by the relevant tax authorities for years prior to Fiscal 2004.

11. Debt

Euro Debt

As of June 29, 2013, the Company had €209 million principal outstanding of 4.5% notes due October 4, 2013 (the "Euro Debt"). The Company has the option to redeem all of the outstanding Euro Debt at any time at a price equal to the principal amount plus a premium. The Company also has the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control of the Company, each holder of the Euro Debt has the option to require the Company to redeem the debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the "Indenture") contains certain limited covenants that restrict the Company's ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

As of June 29, 2013 and March 30, 2013, the carrying value of the Euro Debt was $271 million and $267 million, respectively, and was classified as current portion of long-term debt in the Company's consolidated balance sheets.

Revolving Credit Facilities

Global Credit Facility

The Company has a credit facility that provides for a $500 million senior unsecured revolving line of credit through March 2016, and is also used to support the issuance of letters of credit (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. The Company has the ability to expand its borrowing availability to $750 million, 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. As of June 29, 2013, there were no borrowings outstanding under the Global Credit Facility and the Company was contingently liable for $9 million of outstanding letters of credit.

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 investments. The Global Credit Facility also requires the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus eight times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, and (iv) consolidated rent expense. As of June 29, 2013, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

Pan-Asia Credit Facilities

Certain of the Company's subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase (the "Banks") in China, Malaysia, South Korea, and Taiwan (the "Pan-Asia Credit Facilities"). These credit facilities may be used to fund general working capital and corporate needs of the Company's operations in the respective regions. Borrowings under the Pan-Asia Credit Facilities are guaranteed by the Company and are granted at the sole discretion of the Banks, subject to availability of the Banks' funds and satisfaction of certain regulatory requirements. The Pan-Asia Credit Facilities do not contain any financial covenants. The Company's Pan-Asia Credit Facilities by country are as follows:

- <u>Chinese Credit Facility</u> — provides Ralph Lauren Trading (Shanghai) Co., Ltd. with a revolving line of credit of up to 100 million Chinese Renminbi (approximately $16 million) through April 9, 2014, and may also be used to support bank guarantees. The Chinese Credit Facility was renewed on April 10, 2013 with the same terms and borrowing capacity as the prior facility that expired on such date.

- Malaysia Credit Facility — provides Ralph Lauren (Malaysia) Sdn Bhd with a revolving line of credit of up to 16 million Malaysian Ringgit (approximately $5 million) through September 13, 2013.
- South Korea Credit Facility — provides Ralph Lauren (Korea) Ltd. with a revolving line of credit of up to 11 billion South Korean Won (approximately $10 million) through October 31, 2013.
- Taiwan Credit Facility — provides Ralph Lauren (Hong Kong) Retail Company Ltd., Taiwan Branch with a revolving line of credit of up to 59 million New Taiwan Dollars (approximately $2 million) through October 23, 2013.

As of June 29, 2013, there were no borrowings outstanding under any of the Pan-Asia Credit Facilities.

Refer to Note 14 of the Fiscal 2013 10-K for additional disclosure of the terms and conditions of the Company's debt and credit facilities.

12. 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 and 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:

	June 29, 2013	March 30, 2013
	(millions)	
Financial assets recorded at fair value[a]:		
Government bonds — U.S.	$ 18	$ 29
Government bonds — non-U.S.	—	92
Corporate bonds — non-U.S.	—	82
Variable rate municipal securities — U.S.	—	17
Auction rate securities	2	2
Derivative financial instruments	22	15
Total	$ 42	$ 237
Financial liabilities recorded at fair value[b]:		
Derivative financial instruments	$ 2	$ 5
Total	$ 2	$ 5

(a) Based on Level 1 measurements, except for auction rate securities and derivative financial instruments, which are based on Level 2 measurements.

(b) Based on Level 2 measurements.

The Company's government bonds, corporate bonds, and variable rate municipal securities ("VRMS") are classified as available-for-sale securities and are recorded at fair value in the Company's consolidated balance sheets based upon quoted prices in active markets.

The Company's auction rate securities are classified as available-for-sale securities and are recorded at fair value in the Company's consolidated balance sheets. Third-party pricing institutions may value auction rate securities at par, which may not necessarily reflect prices that would be obtained if sold in the current market. When quoted market prices are unobservable, fair value is estimated based on a number of known factors and external pricing data, including known maturity dates, the coupon rate based upon the most recent reset market clearing rate, the price/yield representing the average rate of recent successfully traded securities, and the total principal balance of each security.

The Company's derivative financial instruments are recorded at fair value in the Company's consolidated balance sheets and are valued using a pricing model, which is primarily based on market observable external inputs, including forward and spot exchange rates for foreign currencies, and considers 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 approximates fair value based on Level 1 measurements.

The Company's Euro Debt is recorded at carrying value in its consolidated balance sheets, adjusted for foreign currency fluctuations, any unamortized discount, and the unamortized fair value adjustment associated with the early termination of an interest rate swap that was designated as a fair value hedge, which may differ from its fair value. The fair value of the Euro Debt is estimated based on external pricing data, including available quoted market prices of the Euro Debt, and of comparable European debt instruments with similar interest rates, credit ratings, and trading frequency, among other factors. The following table summarizes the carrying value and the estimated fair value of the Company's Euro Debt:

	June 29, 2013		March 30, 2013	
	Carrying Value	Fair Value[a]	Carrying Value	Fair Value[a]
	(millions)			
Euro Debt	$ 271	$ 275	$ 267	$ 272

[a] Based on Level 2 measurements.

Unrealized gains or losses on the Company's Euro Debt 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 instruments, which primarily consist of goodwill, other intangible assets, and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering external market participant assumptions. No impairment charges were recorded during either of the three months ended June 29, 2013 or June 30, 2012.

13. Financial Instruments

Derivative Financial Instruments

The Company is exposed to changes in foreign currency exchange rates relating to certain anticipated cash flows from its international operations and potential changes in the value of reported net assets of certain of its foreign operations, as well as changes in the fair value of its fixed-rate debt relating to changes in interest rates. Consequently, the Company periodically uses derivative financial instruments to manage such risks. The Company does not enter into derivative transactions for speculative or trading purposes.

The following table summarizes the Company's outstanding derivative instruments on a gross basis as recorded in the consolidated balance sheets as of June 29, 2013 and March 30, 2013:

	Notional Amounts		Derivative Assets				Derivative Liabilities			
Derivative Instrument[a]	June 29, 2013	March 30, 2013	June 29, 2013		March 30, 2013		June 29, 2013		March 30, 2013	
			Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value
					(millions)					
Designated Hedges:										
FC — Inventory purchases	$ 310	$ 366	PP	$ 11	PP	$ 14	AE	$ (1)	AE	$ (2)
FC — Other[c]	10	25	—	—	—	—	—	—	AE	(1)
NI — Euro Debt	77	140	—	—	—	—	STD	(275) [d]	STD	(272) [d]
Total Designated Hedges	$ 397	$ 531		$ 11		$ 14		$ (276)		$ (275)
Undesignated Hedges:										
FC — Other[e]	$ 391	$ 270	[f]	$ 11	PP	$ 1	AE	$ (1)	AE	$ (2)
Total Hedges	$ 788	$ 801		$ 22		$ 15		$ (277)		$ (277)

(a) FC = Forward foreign currency exchange contracts; NI = Net Investment Hedge; Euro Debt = Euro-denominated 4.5% notes due October 4, 2013.

(b) PP = Prepaid expenses and other current assets; ONCA = Other non-current assets; AE = Accrued expenses and other current liabilities; STD = Current portion of long-term debt.

(c) Primarily related to designated hedges of foreign currency-denominated intercompany royalty payments and marketing contributions, and other net operational exposures.

(d) The Company's Euro Debt is reported at carrying value in the Company's consolidated balance sheets. The carrying value of the Euro Debt was $271 million and $267 million as of June 29, 2013 and March 30, 2013, respectively. The fair value of the Euro Debt is associated with the entire principal amount of the debt, whereas only a portion of such principal amount was designated as a net investment hedge as of June 29, 2013 and March 30, 2013.

(e) Primarily related to undesignated hedges of foreign currency-denominated intercompany loans, third-party debt obligations, third-party revenues, and other net operational exposures.

(f) $6 million included within PP and $5 million included within ONCA.

The Company records and presents the fair values of all of its derivative assets and liabilities in the consolidated balance sheets on a gross basis, even though 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 forward foreign currency exchange contracts on a net basis in accordance with the terms of each of its master netting arrangements, as spread across eight separate counterparties, the amounts presented in the consolidated balance sheets as of June 29, 2013 and March 30, 2013 would be adjusted from the current gross presentation as detailed in the following table:

	June 29, 2013			March 30, 2013		
Derivative Instrument	Gross Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Master Netting Agreements	Net Amount	Gross Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet Subject to Master Netting Agreements	Net Amount
			(millions)			
FC - Derivative assets	$ 22	$ (2)	$ 20	$ 15	$ (3)	$ 12
FC - Derivative liabilities	$ (2)	$ 2	$ —	$ (5)	$ 3	$ (2)

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

The following table summarizes the gross impact of the effective portion of gains and losses from the Company's derivative instruments on its unaudited interim consolidated financial statements for the three-month periods ended June 29, 2013 and June 30, 2012:

	Gains (Losses) Recognized in OCI		Gains (Losses) Reclassified from AOCI to Earnings		
	Three Months Ended		Three Months Ended		
Derivative Instrument	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012	Location of Gains (Losses) Reclassified from AOCI to Earnings
			(millions)		
Designated Cash Flow Hedges:					
FC — Inventory purchases	$ (1)	$ 9	$ 5	$ 3	Cost of goods sold
FC — Other	—	(3)	—	2	Foreign currency gains (losses)
	$ (1)	$ 6	$ 5	$ 5	
Designated Hedge of Net Investment:					
Euro Debt	$ (1)	$ 14	$ —	$ —	[(a)]
Total Designated Hedges	$ (2)	$ 20	$ 5	$ 5	

[(a)] Amounts would be recognized as a gain (loss) on the sale or liquidation of the hedged net investment.

During the three months ended June 29, 2013, the Company also recorded a foreign currency gain of $2 million associated with the discontinuance of certain cash flow hedges, as the related forecasted transactions were no longer probable of occurring.

Over the next twelve months, it is expected that approximately $11 million of net gains deferred in AOCI related to derivative financial instruments as of June 29, 2013 will be recognized in earnings. No material gains or losses relating to ineffective hedges were recognized during any of the fiscal periods presented.

The following table summarizes the impact of gains and losses from the Company's undesignated hedge contracts on its unaudited interim consolidated statements of income for the three-month periods ended June 29, 2013 and June 30, 2012:

Derivative Instrument	Gains (Losses) Recognized in Earnings — Three Months Ended June 29, 2013	Gains (Losses) Recognized in Earnings — Three Months Ended June 30, 2012	Location of Gains (Losses) Recognized in Earnings
	(millions)		
Undesignated Hedges:			
FC — Other	$ 8	$ (2)	Foreign currency gains (losses)
Total Undesignated Hedges	$ 8	$ (2)	

The following is a summary of the Company’s risk management strategies and the effect of those strategies on its unaudited interim consolidated financial statements.

Foreign Currency Risk Management

Forward Foreign Currency Exchange Contracts

The Company primarily enters into forward foreign currency exchange contracts as hedges to reduce its risk from exchange rate fluctuations on inventory purchases made in an entity's non-functional currency, intercompany royalty payments made by certain of its international operations, intercompany contributions to fund certain marketing efforts of its international operations, interest payments made in connection with outstanding debt, and other foreign currency-denominated operational cash flows. As part of its overall strategy to manage the level of exposure to the risk of foreign currency exchange rate fluctuations, primarily to changes in the value of the Euro, the Japanese Yen, the Hong Kong Dollar, the South Korean Won, the British Pound Sterling, and the Australian Dollar, the Company hedges a portion of its foreign currency exposures anticipated over a two-year period. In doing so, the Company uses foreign currency exchange forward contracts that generally have maturities of three months to two years to provide continuing coverage throughout the hedging period.

Hedge of Net Investment in Certain European Subsidiaries

Historically, the Company designated the entire €209 million principal amount of its outstanding Euro Debt as a hedge of its net investment in certain of its European subsidiaries. Accordingly, changes in the carrying value of the Euro Debt resulting from fluctuations in the Euro exchange rate have been reported in equity as a component of AOCI, as the debt has been a highly effective hedge. In March 2013, the Company de-designated €100 million principal amount of this net investment hedge, in connection with the execution of undesignated forward foreign currency exchange contracts to partially hedge the repayment of the Euro Debt upon its maturity. In May 2013, the Company de-designated an additional €50 million principal amount of this net investment hedge, in connection with the execution of an additional undesignated hedge contract to hedge the repayment of the Euro Debt. As a result, changes in the de-designated portion of the Euro Debt's carrying value resulting from fluctuations in the Euro exchange rate are recorded in earnings within foreign currency gains (losses), and are largely offset by changes in the fair value of the related undesignated forward foreign currency exchange contracts.

Interest Rate Risk Management

Interest Rate Swap Contracts

During the first quarter of Fiscal 2011, the Company entered into a fixed-to-floating interest rate swap with an aggregate notional amount of €209 million, which was designated as a fair value hedge to mitigate its exposure to changes in the fair value of its Euro Debt due to changes in the benchmark interest rate. The interest rate swap was executed to swap the 4.5% fixed interest rate on the Company’s Euro Debt for a variable interest rate. On April 11, 2011, the interest rate swap agreement was terminated by the Company at a loss of $8 million. The related offsetting change in the Euro Debt's fair value was recorded as an adjustment to its carrying value, and is being recognized within interest expense over the remaining term of the debt, through October 4, 2013. During each of the three-month periods ended June 29, 2013 and June 30, 2012, $1 million of this fair value adjustment was recognized as interest expense within the Company’s unaudited interim consolidated statements of income.

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

Investments

The following table summarizes the Company's short-term and non-current investments recorded in the consolidated balance sheets as of June 29, 2013 and March 30, 2013:

Type of Investment	June 29, 2013 Short-term < 1 year	June 29, 2013 Non-current 1 - 3 years	June 29, 2013 Total	March 30, 2013 Short-term < 1 year	March 30, 2013 Non-current 1 - 3 years	March 30, 2013 Total
			(millions)			
Available-for-Sale:						
Government bonds — U.S.	$ 11	$ 7	$ 18	$ 21	$ 8	$ 29
Government bonds — non-U.S.	—	—	—	67	25	92
Corporate bonds — non-U.S.	—	—	—	36	46	82
Variable rate municipal securities — U.S.	—	—	—	17	—	17
Auction rate securities	—	2	2	—	2	2
Total available-for-sale investments	$ 11	$ 9	$ 20	$ 141	$ 81	$ 222
Other:						
Time deposits	$ 400	$ —	$ 400	$ 184	$ —	$ 184
Total Investments	$ 411	$ 9	$ 420	$ 325	$ 81	$ 406

Available-for-sale investments primarily consist of government and corporate bonds, VRMS, and auction rate securities. The Company's investments in bonds are diversified across a wide range of high-credit quality U.S. and non-U.S. issuers. The Company does not hold any investments in sovereign debt securities issued by Greece, Ireland, Portugal, Spain, or Italy. VRMS investments represented long-term municipal bonds with interest rates that reset at pre-determined short-term intervals, and could typically be put to the issuer and redeemed for cash upon demand, or shortly thereafter. Auction rate securities also have characteristics similar to short-term investments. However, the Company has classified these securities as non-current investments in its consolidated balance sheets as current market conditions call into question its ability to redeem these investments for cash within the next twelve months.

No significant realized or unrealized gains or losses on available-for-sale investments or other-than-temporary impairment charges were recorded in any of the fiscal periods presented. Refer to Note 16 for further detail.

See Note 3 to the Fiscal 2013 10-K for further discussion of the Company's accounting policies relating to its investments.

14. Commitments and Contingencies

Lease Obligations

During the three months ended June 29, 2013, the Company entered into a build-to-suit lease for a new flagship store on Fifth Avenue in New York City, which will feature a full assortment of Polo-branded apparel and accessories. The total commitment related to this lease is $235 million, with minimum lease payments of $25 million due each year from Fiscal 2015 through 2019, and aggregate minimum lease payments of $110 million for Fiscal 2020 through Fiscal 2023. The Company will take possession of this property in the second quarter of Fiscal 2014.

Wathne Imports Litigation

On August 19, 2005, Wathne Imports, Ltd. ("Wathne"), the Company's then domestic licensee for luggage and handbags, filed a complaint in the U.S. District Court in the Southern District of New York against the Company and Mr. Ralph Lauren, its Chairman and Chief Executive Officer, asserting, among other things, federal trademark law violations, breach of contract, breach of obligations of good faith and fair dealing, fraud, and negligent misrepresentation. The complaint originally sought, among other relief, injunctive relief, compensatory damages in excess of $250 million, and punitive damages of not less than $750 million. On September 13, 2005, Wathne withdrew this complaint from the U.S. District Court and filed a complaint in the Supreme Court of the State of New York, New York County, making substantially the same allegations and claims (excluding the federal trademark claims), and seeking similar relief. On February 1, 2006, the Court granted the Company's motion to dismiss all of the causes of action, including the cause of action against Mr. Lauren, except for breach of contract related claims, and denied Wathne's motion for a preliminary injunction. Following some discovery, the Company moved for summary judgment on the remaining claims and Wathne cross-moved for partial summary judgment. In an April 11, 2008 Decision and Order, the Court granted the Company's summary judgment motion to dismiss most of the claims against the Company, and denied Wathne's cross-motion for summary judgment. Wathne appealed the dismissal of its claims to the Appellate Division of the Supreme Court. Following a hearing on May 19, 2009, the Appellate Division issued a Decision and Order on June 9, 2009 which, in large part, affirmed the lower Court's ruling.

The Company subsequently made a motion to exclude Wathne's proposed expert's damages report and, on January 23, 2012, the Court granted its motion. Wathne then appealed the ruling to the Appellate Division and, on October 18, 2012, the Appellate Division reversed the order of the lower Court. At this time, the trial date has not yet been scheduled and the Company intends to continue to contest the remaining claims and dispute any alleged damages in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on the Company's consolidated financial statements.

Other Matters

The Company is otherwise 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, and employee relations. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on its financial statements. However, the Company’s assessment of the current litigation or other legal claims could 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.

15. Equity

Summary of Changes in Equity

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Balance at beginning of period	$ 3,785	$ 3,653
Comprehensive income	169	158
Cash dividends declared	(36)	(37)
Repurchases of common stock	(201)	(347)
Stock-based compensation	22	22
Shares issued and tax benefits recognized pursuant to stock-based compensation plans	22	23
Balance at end of period	$ 3,761	$ 3,472

Common Stock Repurchase Program

During the three months ended June 29, 2013, 0.9 million shares of Class A common stock were repurchased by the Company at a total cost of $150 million under its common stock repurchase program. The total cost of repurchased shares included a $50 million prepayment made in March 2013 in connection with a share repurchase program with a third-party financial institution, which resulted in the delivery of 0.3 million shares during the three months ended June 29, 2013, based on the volume-weighted average market price of the Company's Class A common stock over a 93-day repurchase term, less a discount of $2.22 per share. Further, in June 2013, the Company prepaid an additional $50 million under a separate share repurchase program with a third-party financial institution, in exchange for the right to receive shares of its Class A common stock at the conclusion of a repurchase term of up to 93 days based on the volume-weighted average market price of its Class A common stock over such term, less a discount of $2.25 per share. No shares have been delivered to the Company pursuant to the June 2013 prepaid share repurchase program as of June 29, 2013. The $50 million prepayment was recorded as a reduction to additional paid-in capital in the Company's consolidated balance sheet as of June 29, 2013. The remaining availability under the Company's common stock repurchase program, including the $50 million prepayment made in June 2013, was approximately $427 million as of June 29, 2013.

In addition, during the three months ended June 29, 2013, 0.3 million shares of Class A common stock at a cost of $51 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards under the Company's 1997 Long-Term Stock Incentive Plan, as amended (the "1997 Incentive Plan"), and its 2010 Long-Term Stock Incentive Plan (the "2010 Incentive Plan").

During the three months ended June 30, 2012, 2.0 million shares of Class A common stock were repurchased by the Company at a cost of $300 million under its repurchase program. In addition, 0.4 million shares of Class A common stock at a cost of $47 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards under the 1997 Incentive Plan and the 2010 Incentive Plan.

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

Dividends

Since 2003, the Company has maintained a regular quarterly cash dividend program on its common stock. On May 21, 2012, the Company's Board of Directors approved an increase to the Company's quarterly cash dividend on its common stock from $0.20 per share to $0.40 per share. The first quarter Fiscal 2014 dividend of $0.40 per share was declared on June 18, 2013, was payable to stockholders of record at the close of business on July 1, 2013, and was paid on July 12, 2013. Dividends paid amounted to $36 million and $19 million during the three-month periods ended June 29, 2013 and June 30, 2012, respectively.

16. Accumulated Other Comprehensive Income

The following table presents the components of other comprehensive income (loss), net of tax, accumulated in equity:

	Foreign Currency Translation Gains (Losses)	Net Unrealized Gains (Losses) on Derivative Financial Instruments	Net Unrealized Gains (Losses) on Available-for-Sale Investments	Net Unrealized Gains (Losses) on Defined Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
			(millions)		
Balance at March 30, 2013	$ 73	$ 23	$ 5	$ (7)	$ 94
Other comprehensive loss, net of tax:					
Other comprehensive loss before reclassifications[a]	(2)	(1)	(4)	—	(7)
Amounts reclassified from AOCI to earnings	—	(4)	(1)	—	(5)
Other comprehensive loss, net of tax	(2)	(5)	(5)	—	(12)
Balance at June 29, 2013	$ 71	$ 18	$ —	$ (7)	$ 82

(a) Amounts are net of taxes, which are immaterial.

The following table presents reclassifications from AOCI to earnings, by component:

	Three Months Ended June 29, 2013	Location of Gains (Losses) Reclassified from AOCI to Earnings
	(millions)	
Gains on derivative financial instruments:		
Forward foreign exchange contracts - inventory purchases	$ 5	Cost of goods sold
Tax effect	(1)	Provision for income taxes
Net of tax	$ 4	
Gains on available-for-sale securities:		
Sales of available-for-sale securities	$ 1	Interest and other income, net
Tax effect	—	Provision for income taxes
Net of tax	$ 1	

17. Stock-based Compensation

On August 5, 2010, the Company's stockholders approved the 2010 Incentive Plan, which replaced the Company's 1997 Incentive Plan, as amended. Any new grants are being issued under the 2010 Incentive Plan. However, awards that were outstanding as of August 5, 2010 remain subject to the terms of the 1997 Incentive Plan, as amended. Refer to Note 20 in the Fiscal 2013 10-K for a detailed description of the Company's stock-based compensation awards, including information related to the vesting terms, service and performance conditions, and payout percentages.

Impact on Results

A summary of the total compensation expense recorded within SG&A expenses and the associated income tax benefits recognized related to stock-based compensation arrangements is as follows:

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Compensation expense	$ 22	$ 22
Income tax benefit	$ (8)	$ (7)

The Company issues its annual grants of stock-based compensation awards in the first half of the fiscal year. Due to the timing of the annual grants, stock-based compensation expense recognized during the three-month period ended June 29, 2013 is not indicative of the level of compensation expense expected to be incurred for the full Fiscal 2014.

Stock Options

A summary of stock option activity under all plans during the three months ended June 29, 2013 is as follows:

	Number of Options
	(thousands)
Options outstanding at March 30, 2013	2,954
Granted	13
Exercised	(68)
Cancelled/Forfeited	(16)
Options outstanding at June 29, 2013	2,883

Service-based RSUs and Restricted Stock Awards

The fair values of service-based RSUs 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 those restricted securities that are not entitled to dividend equivalents. The weighted-average grant date fair value of restricted stock awards granted, which entitle holders to receive cash dividends in connection with the payments of dividends on the Company's Class A common stock, was $164.76 per share during the three-month period ended June 29, 2013.

A summary of restricted stock and service-based RSU activity during the three months ended June 29, 2013 is as follows:

	Number of Shares	
	Restricted Stock	Service-based RSUs
	(thousands)	
Nonvested at March 30, 2013	5	98
Granted	3	—
Vested	(3)	(1)
Nonvested at June 29, 2013	5	97

Performance-based RSUs

The fair value of the Company's performance-based RSUs that are not subject to a market condition in the form of a total shareholder return ("TSR") modifier is 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 those securities that are not entitled to dividend equivalents. The fair value of the Company's performance-based RSUs with a TSR modifier is determined on the date of grant using a Monte Carlo simulation valuation model. This pricing model uses multiple simulations to evaluate the probability of the Company achieving various stock price levels to determine its expected TSR performance ranking. Expense is only recorded for awards that are expected to vest, net of estimated forfeitures. The assumptions used to estimate the fair value of performance-based RSUs with a TSR modifier granted during the three months ended June 29, 2013 were as follows:

	Three Months Ended June 29, 2013
Expected term (years)	3.0
Expected volatility	33.1%
Expected dividend yield	0.96%
Risk-free interest rate	0.4%
Weighted-average grant date fair value per share	$171.07

The weighted-average grant date fair value of performance-based RSUs that do not contain a TSR modifier granted during the three months ended June 29, 2013 was $164.49 per share.

A summary of performance-based RSU activity during during the three months ended June 29, 2013 is as follows:

	Number of Shares	
	Performance-based RSUs — without TSR Modifier	Performance-based RSUs — with TSR Modifier
	(thousands)	
Nonvested at March 30, 2013	1,015	73
Granted	115	65
Change due to performance or market conditions achievement	141	—
Vested	(627)	—
Forfeited	(8)	—
Nonvested at June 29, 2013	636	138

18. Segment Information

The Company has three reportable segments based on its business activities and organization: Wholesale, Retail, and Licensing. These segments offer a variety of products through different channels of distribution. The Wholesale segment consists of women's, men's, and children's apparel, accessories, home furnishings, and related products which are sold to major department stores, specialty stores, golf and pro shops, and the Company's owned, licensed, and franchised retail stores in the U.S. and overseas. The Retail segment consists of the Company's integrated worldwide retail operations, which sell products through its retail stores, its concession-based shop-within-shops, and its e-commerce sites. The stores, concession-based shop-within-shops, and websites sell products purchased from the Company's licensees, suppliers, and Wholesale segment. The Licensing segment generates revenues from royalties earned on the sale of the Company's apparel, home, and other products internationally and domestically through licensing alliances. The licensing agreements grant the licensees rights to use the Company's various trademarks in connection with the manufacture and sale of designated products in specified geographical areas for specified periods.

The accounting policies of the Company's segments are consistent with those described in Notes 2 and 3 to the Company's consolidated financial statements included in the Fiscal 2013 10-K. Sales and transfers between segments are generally recorded at cost and treated as transfers of inventory. All intercompany revenues, including such sales between segments, are eliminated in consolidation and are not reviewed when evaluating segment performance. Each segment's performance is evaluated based upon operating income before restructuring charges and certain other one-time items, such as legal charges, if any. Corporate overhead expenses (exclusive of certain expenses for senior management, overall branding-related expenses, and certain other corporate-related expenses) are allocated to the segments based upon specific usage or other allocation methods, as appropriate.

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

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Net revenues:		
Wholesale	$ 735	$ 694
Retail	879	857
Licensing	39	42
Total net revenues	$ 1,653	$ 1,593

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Operating income:		
Wholesale	$ 154	$ 154
Retail	160	179
Licensing	29	29
	343	362
Unallocated corporate expenses	(83)	(70)
Gain on acquisition of Chaps[(a)]	16	—
Total operating income	$ 276	$ 292

(a) See Note 5 for further discussion of the gain on acquisition of Chaps.

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

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Depreciation and amortization:		
Wholesale	$ 17	$ 17
Retail	28	27
Unallocated corporate expenses	15	12
Total depreciation and amortization	$ 60	$ 56

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

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Net revenues[(a)]:		
The Americas[(b)]	$ 1,154	$ 1,075
Europe	310	300
Asia[(c)]	189	218
Total net revenues	$ 1,653	$ 1,593

(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) Net revenues earned in the U.S. during the three-month periods ended June 29, 2013 and June 30, 2012 were $1.105 billion and $1.037 billion, respectively.

(c) Includes South Korea, Japan, China, Hong Kong, Macau, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Australia, and New Zealand.

19. Additional Financial Information

Cash Interest and Taxes

	Three Months Ended	
	June 29, 2013	June 30, 2012
	(millions)	
Cash paid for interest	$ 1	$ 2
Cash paid for income taxes	$ 36	$ 78

Non-cash Transactions

Significant non-cash investing activities included the capitalization of fixed assets and recognition of related obligations in the net amount of $48 million and $30 million for three months ended June 29, 2013 and June 30, 2012, respectively. Significant non-cash activities also included the gain recorded in connection with the Chaps Menswear License Acquisition in April 2013 (See Note 5).

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

20. Subsequent Event

On July 1, 2013, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in Australia and New Zealand from a licensed to a wholly-owned operation, the Company acquired certain net assets from Oroton Group/PRL Australia ("Oroton") in exchange for an aggregate payment of approximately $13 million (the "Australia and New Zealand Licensed Operations Acquisition"). Oroton was the Company's licensee for Ralph Lauren-branded apparel and accessories in Australia and New Zealand. The Company funded the Australia and New Zealand Licensed Operations Acquisition with available cash on-hand, $11 million of which was paid during the three months ended June 29, 2013. The operating results of this business will be consolidated in the Company's operating results beginning on July 1, 2013. The Company is currently in the process of assessing the fair value of the assets acquired and liabilities assumed.

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 are based on current expectations and are indicated by words or phrases such as "anticipate," "estimate," "expect," "project," "we believe," "is or remains optimistic," "currently envisions," 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;
- our ability to successfully implement our anticipated growth strategies and to capitalize on our repositioning initiatives in certain merchandise categories;
- the impact of global economic conditions, including the ongoing sovereign debt crisis and credit downgrades, on us, our customers, our suppliers, and our vendors and on our ability and their ability to access sources of liquidity;
- our ability to secure our facilities and systems and those of our third-party service providers from, among other things, cybersecurity breaches, acts of vandalism, computer viruses, or similar Internet or email events;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- the impact of the challenging state of the global economy on consumer purchases of premium lifestyle products that we offer for sale and our ability to forecast consumer demand;
- changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors, and consolidations, liquidations, restructurings, and other ownership changes in the retail industry;
- our exposure to domestic and foreign currency fluctuations and risks associated with raw materials, transportation, and labor costs;
- changes to our anticipated effective tax rates in future years;
- our ability to continue to expand or grow our business internationally, and the impact of related changes in our customer, channel, and geographic sales mix as a result;
- changes in our relationships with department store customers and licensing partners;
- our efforts to improve the efficiency of our distribution system and to continue to enhance and upgrade our global information technology systems;
- a variety of legal, regulatory, tax, political, and economic risks, including risks related to the importation and exportation of products, tariffs, and other trade barriers which our international operations are subject to 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;
- our intention to introduce new products or enter into or renew alliances and exclusive relationships;
- our ability to access sources of liquidity to provide for our cash needs, including our debt obligations, payment of dividends, capital expenditures, and potential repurchase of our Class A common stock;

- our ability to make certain strategic acquisitions of selected licenses held by our licensees and successfully integrate the acquired businesses into our existing operations, including our operations in Asia and Latin America, our recently acquired North American Chaps-branded men's sportswear business, and our transition of the licensed business in Australia and New Zealand to a wholly-owned operation in July 2013;

- our ability to open new retail stores, concession shops, and e-commerce sites in an effort to expand our direct-to-consumer presence;

- our ability to maintain our credit profile and ratings within the financial community;

- the potential impact on our operations and customers resulting from natural or man-made disasters; and

- 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.

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 30, 2013 (the “Fiscal 2013 10-K”). There are no material changes to such risk factors, nor are there any identifiable previously undisclosed risks 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 (“RLC”), 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 2014 will end on March 29, 2014 and will be a 52-week period (“Fiscal 2014”). Fiscal year 2013 ended on March 30, 2013 and also was a 52-week period (“Fiscal 2013”). The first quarter of Fiscal 2014 ended on June 29, 2013 and was a 13-week period. The first quarter of Fiscal 2013 ended on June 30, 2012 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 unaudited interim consolidated financial statements and footnotes 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 developments, and a summary of our financial performance for the three-month period ended June 29, 2013. In addition, this section includes a discussion of transactions affecting comparability and recent developments 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 period ended June 29, 2013 compared to the three-month period ended June 30, 2012.

- *Financial condition and liquidity.* This section provides a discussion of our financial condition and liquidity as of June 29, 2013, which includes (i) an analysis of our financial condition compared to the prior fiscal year-end; (ii) an analysis of our cash flows for the three-month period ended June 29, 2013 compared to the three-month period ended June 30, 2012; (iii) an analysis of our liquidity, including common stock repurchases, payments of dividends, our outstanding debt and covenant compliance, and the availability under our credit facilities; and (iv) any material changes in our contractual obligations since the end of Fiscal 2013.

- *Market risk management.* This section discusses any significant changes in our risk exposures related to foreign currency exchange rates, interest rates, and our investments, as well as to the underlying market conditions since the end of Fiscal 2013.

- *Critical accounting policies.* This section discusses any significant changes in our accounting policies since the end of Fiscal 2013. Significant changes include those considered to be important to our results of operations and financial condition for critical accounting policies that 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 to our audited consolidated financial statements included in our Fiscal 2013 10-K.

- *Recently issued accounting standards.* This section discusses the potential impact to our unaudited interim consolidated financial statements of certain accounting standards that have been recently issued or proposed.

OVERVIEW

Our Business

Our Company is a global leader in the design, marketing, and distribution of premium lifestyle products, including men's, women's, and children's apparel, accessories, fragrances, and home furnishings. Our long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands, and international markets. Our brand names include Ralph Lauren Women's Collection, Purple Label, Black Label, Blue Label, Polo Ralph Lauren, RRL, Ralph Lauren Childrenswear, Lauren by Ralph Lauren, RLX Ralph Lauren, Denim & Supply Ralph Lauren, Ralph Lauren, Chaps, and Club Monaco, among others.

We classify our businesses into three segments: Wholesale, Retail, and Licensing. Our Wholesale business, representing approximately 45% of our Fiscal 2013 net revenues, consists of sales made principally to major department stores and specialty stores located throughout North America, Europe, Asia, and Latin America. Our Retail business, representing approximately 52% of our Fiscal 2013 net revenues, consists of sales made directly to consumers through our integrated retail channel, which includes retail stores located throughout North America, Europe, and Asia; concession-based shop-within-shops located primarily in Asia and Europe; and our retail e-commerce operations in North America, Europe, and Asia. Our Licensing business, representing approximately 3% of our Fiscal 2013 net revenues, consists of royalty-based arrangements under which we license the right to unrelated third parties to use our various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear, and fragrances, in specified geographical areas for specified periods. Approximately 37% of our Fiscal 2013 net revenues were earned in international regions outside of the U.S.

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth quarters and higher retail sales in our second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school, and holiday shopping periods in the Retail segment. In addition, fluctuations in sales, operating income, and cash flows in any fiscal quarter may be affected by other events affecting retail sales, such as changes in weather patterns. Accordingly, our operating results and cash flows for the three-month period ended June 29, 2013 are not necessarily indicative of the results and cash flows that may be expected for the full Fiscal 2014.

Global Economic Developments

As discussed in our Fiscal 2013 10-K, the challenging state of the global economy continues to influence the level of consumer spending on discretionary items. This directly impacts our business, as it is highly dependent on consumer demand for our products. The economic environments in the U.S., Europe, and Asia have continued to be negatively impacted by significant macroeconomic risks, including high rates of unemployment, currency and commodity price volatility, and global economic uncertainty. These risks, combined with ongoing expectations of slow global economic growth, reduced government spending, and increased austerity measures, have adversely affected consumer and business sentiment. As a result, consumer retail traffic has been inconsistent, and the global retail environment remains promotional.

The current global economic environment and fluctuations in consumer confidence have resulted in continued softness in our European wholesale business. In addition, certain of our retail operations have experienced declining comparable store sales and traffic trends. If the global macroeconomic environment remains weak or worsens, the constrained level of worldwide consumer spending and modified consumption behavior will continue to have a negative effect on our sales and operating margin for the remainder Fiscal 2014. We will consistently monitor these risks and evaluate and adjust our operating strategies and cost management opportunities to mitigate the related impact on our results of operations.

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 2013 10-K.

Summary of Financial Performance

Operating Results

During the three months ended June 29, 2013, we reported net revenues of $1.653 billion, net income of $181 million, and net income per diluted share of $1.94. This compares to net revenues of $1.593 billion, net income of $193 million, and net income per diluted share of $2.03 during the three months ended June 30, 2012.

Our operating performance for the three months ended June 29, 2013 reflected revenue growth of 3.7%, as increased revenues across our domestic wholesale and retail businesses and our European retail business were partially offset by lower revenues from our European wholesale business and our businesses in Asia, as well as net unfavorable foreign currency effects. Our revenue growth reflected the inclusion of revenues from the previously licensed North American Chaps-branded men's sportswear business ("Chaps Menswear Business") acquired in April 2013 (see "*Recent Developments*" for further discussion) and the previously licensed business in Latin America acquired in July 2012. Excluding the effects of foreign currency, net revenues increased by 4.8%. Our gross margin percentage declined by 160 basis points to 60.7% during the three months ended June 29, 2013, primarily due to a less favorable product mix driven by the Chaps Menswear Business Acquisition, the unfavorable effects of foreign currency, and a less favorable geographic mix. These declines were partially offset by lower sourcing costs, primarily within our North American wholesale business. Selling, general, and administrative ("SG&A") expenses increased due to incremental costs associated with the newly transitioned operations, including the Chaps Menswear Business, and costs to support our business growth and continued investments in our strategic growth initiatives and infrastructure. In addition, during the three months ended June 29, 2013, we recognized a $16 million gain relating to our acquisition of the Chaps Menswear Business, as discussed within "*Results of Operations"* below.

Net income declined by $12 million during the three months ended June 29, 2013, as compared to the three months ended June 30, 2012, primarily due to a $16 million decline in operating income, partially offset by a $7 million decrease in our provision for income taxes, which was driven by the overall decline in our operating income coupled with a 20 basis point decrease in our reported effective tax rate. Net income per diluted share also declined due to the effect of lower net income, partially offset by lower weighted-average diluted shares outstanding during the three months ended June 29, 2013.

Financial Condition and Liquidity

We ended the first quarter of Fiscal 2014 in a net cash and investments position (cash and cash equivalents plus short-term and non-current investments, less total debt) of $1.089 billion, compared to $1.113 billion as of the end of Fiscal 2013. The decline in our net cash and investments position was primarily due to our use of cash to support our common stock repurchases, capital expenditures, and dividend payments, partially offset by our operating cash flows during the three months ended June 29, 2013.

Our equity declined to $3.761 billion as of June 29, 2013 compared to $3.785 billion as of March 30, 2013, primarily due to our share repurchase activity and dividends declared, largely offset by our net income during the three months ended June 29, 2013.

We generated $295 million of cash from operations during the three months ended June 29, 2013, compared to $269 million during the three months ended June 30, 2012. The increase in operating cash flows primarily relates to a net favorable change in our operating assets and liabilities, primarily relating to working capital, partially offset by a decline in our net income before non-cash items during the three months ended June 29, 2013 compared to the prior fiscal year period. We used some of our available cash to support our Class A common stock repurchases of $201 million; to reinvest in our business through $66 million in capital expenditures, primarily associated with our global retail store expansion and construction, our renovation of department store shop-within-shops, investments in our facilities, and enhancements to our global information technology systems; and to make cash dividend payments of $36 million.

Transactions Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three-month periods ended June 29, 2013 and June 30, 2012 has been affected by certain events, including:

- the Chaps Menswear License Acquisition in April 2013, as defined below, including a $16 million gain recorded during the three months ended June 29, 2013 in connection with this acquisition;

- the Rugby Closure Plan, as defined below, which resulted in the closure of 13 of our 14 global freestanding Rugby stores and our related domestic e-commerce site during the second half of Fiscal 2013; and

- the discontinuance of the majority of products sold under the American Living brand effective for the Fall 2012 selling season.

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.

Recent Developments

Australia and New Zealand Licensed Operations Acquisition

In July 2013, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in Australia and New Zealand from a licensed to a wholly-owned operation, we acquired certain net assets from Oroton Group/PRL Australia ("Oroton") in exchange for an aggregate payment of approximately $13 million (the "Australia and New Zealand Licensed Operations Acquisition"). Oroton was our licensee for Ralph Lauren-branded apparel and accessories in Australia and New Zealand. We funded the Australia and New Zealand Licensed Operations Acquisition with available cash on-hand, $11 million of which was paid during the three months ended June 29, 2013. The operating results of this business will be consolidated in our operating results beginning on July 1, 2013. We are currently in the process of assessing the fair values of the assets acquired and liabilities assumed.

Chaps Menswear License Acquisition

In April 2013, in connection with the transition of the Chaps Menswear Business from a licensed to a wholly-owned operation, we entered into an agreement with The Warnaco Group, Inc. (“Warnaco”), a subsidiary of PVH Corp. (“PVH”), to acquire certain net assets in exchange for an aggregate payment of approximately $18 million (the "Chaps Menswear License Acquisition"). Warnaco was our licensee for Chaps-branded men's sportswear apparel in North America. We funded the Chaps Menswear License Acquisition with available cash on-hand. In connection with the Chaps Menswear License Acquisition, we entered into a transition services agreement with PVH for certain support services related to sourcing, distribution, customer service, finance, and information systems through June 30, 2013. The operating results of the Chaps Menswear Business have been consolidated in our operating results beginning on April 10, 2013.

Wind-down of Rugby

In October 2012, we approved a plan to wind-down our Rugby brand retail operations (the "Rugby Closure Plan"). This decision was primarily based on the results of an analysis of the brand concept, as well as an opportunity to reallocate our resources related to these operations to support other high-growth business opportunities and initiatives. In connection with the Rugby Closure Plan, 13 of our 14 global freestanding Rugby stores and our related domestic e-commerce site located at Rugby.com were closed during the second half of Fiscal 2013. The one remaining Rugby store was closed on June 30, 2013. The Rugby Closure Plan also resulted in a reduction in our workforce of approximately 160 employees.

RESULTS OF OPERATIONS

Three Months Ended June 29, 2013 Compared to Three Months Ended June 30, 2012

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			
	June 29, 2013	June 30, 2012	$ Change	% / bps Change
	(millions, except per share data)			
Net revenues	$ 1,653	$ 1,593	$ 60	3.7%
Cost of goods sold[(a)]	(649)	(601)	(48)	7.9%
Gross profit	1,004	992	12	1.2%
Gross profit as % of net revenues	*60.7%*	*62.3%*		*(160 bps)*
Selling, general, and administrative expenses[(a)]	(735)	(693)	(42)	6.0%
SG&A expenses as % of net revenues	*44.5%*	*43.5%*		*100 bps*
Amortization of intangible assets	(9)	(7)	(2)	38.8%
Gain on acquisition of Chaps	16	—	16	NM
Operating income	276	292	(16)	(5.5%)
Operating income as % of net revenues	*16.7%*	*18.3%*		*(160 bps)*
Foreign currency losses	(6)	(3)	(3)	103.8%
Interest expense	(5)	(5)	—	—%
Interest and other income, net	2	1	1	53.8%
Equity in losses of equity-method investees	(2)	(1)	(1)	76.9%
Income before provision for income taxes	265	284	(19)	(6.8%)
Provision for income taxes	(84)	(91)	7	(7.2%)
Effective tax rate[(b)]	*31.7%*	*31.9%*		*(20 bps)*
Net income	$ 181	$ 193	$ (12)	(6.6%)
Net income per common share:				
Basic	$ 1.99	$ 2.10	$ (0.11)	(5.2%)
Diluted	$ 1.94	$ 2.03	$ (0.09)	(4.4%)

(a) Includes total depreciation expense of $51 million and $49 million for the three-month periods ended ended June 29, 2013 and June 30, 2012, respectively.

(b) Effective tax rate is calculated by dividing the provision for income taxes by income before provision for income taxes.

NM Not meaningful.

Net Revenues. Net revenues increased by $60 million, or 3.7%, to $1.653 billion for the three months ended June 29, 2013, from $1.593 billion for the three months ended June 30, 2012. Excluding the effect of foreign currency, net revenues increased by $77 million, or 4.8%. Net revenues for our three business segments, as well as a discussion of the changes in each segment's net revenues from the comparable prior year period, are provided below:

	Three Months Ended			
	June 29, 2013	June 30, 2012	$ Change	% Change
	(millions)			
Net Revenues:				
Wholesale	$ 735	$ 694	$ 41	5.9%
Retail	879	857	22	2.5%
Licensing	39	42	(3)	(8.1%)
Total net revenues	$ 1,653	$ 1,593	$ 60	3.7%

Wholesale net revenues — The net increase primarily reflects:

- a $68 million net increase related to our business in the Americas, largely due to $53 million of revenues contributed by the previously licensed Chaps Menswear Business acquired in April 2013 and the previously licensed business in Latin America acquired in July 2012. The increase in net revenues also reflected higher domestic revenues from our womenswear, childrenswear, and accessories product lines. These increases were partially offset by lower Home product revenues primarily due to the timing of shipments, as well as the absence of the prior year's revenues due to the discontinuance of the majority of the product categories under the American Living brand after the Summer 2012 selling season.

This net increase was partially offset by:

- a $15 million net decrease related to our European business on a constant currency basis, driven by reduced shipments across our core menswear, womenswear, and childrenswear product lines, due to the challenging European retail environment and softness in the specialty store business, particularly in Southern Europe;

- a $9 million net decrease related to our Japanese business on a constant currency basis, primarily due to the impact of our business model shift to the retail concessions-based channel; and

- a $2 million net decrease in revenues due to net unfavorable foreign currency effects, primarily related to the weakening of the Japanese Yen, partially offset by the strengthening of the Euro against the U.S. Dollar during the three months ended June 29, 2013 compared to the related prior fiscal year period.

Retail net revenues — Our reported comparable store sales declined by 1% during the three months ended June 29, 2013, but increased 1% on a constant currency basis. Comparable store sales refer to the growth of sales in stores that are open for at least one full fiscal year. Sales for stores that are closed during a fiscal 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 in their new location or in their newly renovated state for at least one full fiscal year. Sales from our e-commerce sites are included within comparable store sales for those geographies that have been serviced by the related e-commerce site for at least one full fiscal year. Consolidated comparable store sales information includes our Ralph Lauren stores (including concession-based shop-within-shops), factory stores, Club Monaco stores and e-commerce sites, and certain of our Ralph Lauren e-commerce sites. Sales from our Rugby stores and related e-commerce site, Rugby.com, are no longer included in comparable store sales due to the wind-down of our Rugby brand retail operations in Fiscal 2013.

The net increase in Retail net revenues primarily reflects:

- a $7 million, or a 1%, net increase in consolidated comparable store sales on a constant currency basis, primarily driven by an increase from our Ralph Lauren e-commerce operations, partially offset by decreases in comparable store sales from certain of our freestanding Ralph Lauren stores, as well as from our concession shops in Asia; and

- a $31 million, or a 31%, net increase in non-comparable store sales on a constant currency basis, primarily driven by new store openings within the past twelve months, including new store openings in the Asia-Pacific region as part of our plan to reposition and upgrade our existing operations in that region, as well as the growth of our e-commerce operations through our recently launched Ralph Lauren e-commerce site in Japan and expanded distribution in Europe, which more than offset the impact of store closings in connection with the Rugby Closure Plan.

These increases were partially offset by:

- a $16 million net decrease in revenues due to unfavorable foreign currency effects, comprised of unfavorable effects of $14 million and $2 million related to our comparable and non-comparable store sales, respectively. The unfavorable currency effects primarily related to the weakening of the Japanese Yen, partially offset by the strengthening of the Euro and the South Korean Won against the U.S. Dollar during the three months ended June 29, 2013 compared to the related prior fiscal year period.

Our global average store count increased by 36 stores and concession shops during the three months ended June 29, 2013 compared with the three months ended June 30, 2012, primarily due to new store and concession shop openings in Asia and Europe, partially offset by store closures associated with the Rugby Closure Plan in Fiscal 2013. The following table details our retail store and e-commerce presence as of June 29, 2013:

	June 29, 2013
Stores:	
Freestanding stores	396
Concession shops	505
Total stores	901
E-commerce Sites:	
North American sites[(a)]	3
European sites[(b)]	3
Asian site[(c)]	1
Total e-commerce sites	7

(a) Servicing the U.S. and Canada.

(b) Servicing Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain, and the United Kingdom.

(c) Servicing Japan.

Licensing revenues — The $3 million net decrease in revenues primarily reflects the transition of certain licensing arrangements, including the Chaps Menswear Business acquired in April 2013, to directly controlled operations, partially offset by higher apparel and fragrance-related royalties.

Gross Profit. Gross profit increased by $12 million, or 1.2%, to $1.004 billion for the three months ended June 29, 2013, from $992 million for the three months ended June 30, 2012. Gross profit as a percentage of net revenues decreased by 160 basis points to 60.7% for the three months ended June 29, 2013, from 62.3% for the three months ended June 30, 2012, primarily due to primarily due to a less favorable product mix driven by the Chaps Menswear Business Acquisition, the unfavorable effects of foreign currency, and a less favorable geographic mix. These declines were partially offset by lower sourcing costs, primarily within our North American wholesale business.

Selling, General and Administrative Expenses. SG&A expenses primarily include compensation and benefits, marketing, distribution, bad debts, information technology, facilities, legal, and other costs associated with finance and administration. SG&A expenses increased by $42 million, or 6.0%, to $735 million for the three months ended June 29, 2013, from $693 million for the three months ended June 30, 2012. This increase included a net favorable foreign currency effect of $11 million, primarily related to the weakening of the Japanese Yen against the U.S. Dollar during the three months ended June 29, 2013 as compared to the related prior fiscal year period. Excluding the effect of foreign currency, SG&A expenses increased by $53 million, or 7.6%.

SG&A expenses as a percentage of net revenues increased to 44.5% in the three months ended June 29, 2013, from 43.5% in the three months ended June 30, 2012. The 100 basis point increase was primarily due to an increase in operating expenses attributable to our recent acquisitions and new business initiatives, as well as the growth in our retail business (which typically carries a higher operating expense margin), partially offset by operating leverage on higher net revenues.

The $42 million increase in SG&A expenses was driven by:

	Three Months Ended June 29, 2013 Compared to Three Months Ended June 30, 2012 (millions)
SG&A expense category:	
Compensation-related expenses[(a)]	$ 14
Operating expenses related to Chaps Menswear Business	6
Acquisition-related costs[(b)]	6
Selling expenses	5
Depreciation and amortization expense	4
Marketing, advertising, and promotional expenses	6
Other	1
Total change in SG&A expenses	$ 42

(a) Primarily related to increased salaries and related expenses to support business growth.

(b) Related to acquisition-related costs for the Chaps Menswear License Acquisition in April 2013 and pre-acquisition costs for the Australia and New Zealand Licensed Operations Acquisition in July 2013 (see Note 5 and Note 20, respectively, to the accompanying unaudited interim consolidated financial statements).

Amortization of Intangible Assets. Amortization of intangible assets increased by $2 million, or 38.8%, to $9 million for the three months ended June 29, 2013, from $7 million for the three months ended June 30, 2012. This increase was primarily due to amortization of the intangible asset acquired in connection with the Chaps Menswear License Acquisition in April 2013.

Gain on Acquisition of Chaps. During the three months ended June 29, 2013, we recorded a $16 million gain on the Chaps Menswear License Acquisition, representing the difference between the acquisition date fair value of net assets acquired and the contractually-defined purchase price under the Company's license agreement with Warnaco, which granted the Company the right to early-terminate the license upon PVH's acquisition of Warnaco in February 2013 (see Note 5 to the accompanying unaudited interim consolidated financial statements).

Operating Income. Operating income decreased by $16 million, or 5.5%, to $276 million for the three months ended June 29, 2013, from $292 million for the three months ended June 30, 2012. Operating income as a percentage of net revenues decreased 160 basis points to 16.7% for the three months ended June 29, 2013, from 18.3% for the three months ended June 30, 2012. The decrease in operating income as a percentage of net revenues primarily reflected the decline in our gross profit margin, and higher SG&A expenses as a percentage of revenue, as previously discussed.

Operating income and margin for our three business segments is provided below:

	Three Months Ended					
	June 29, 2013		June 30, 2012			
	Operating Income	Operating Margin	Operating Income	Operating Margin	$ Change	Margin Change
	(millions)		(millions)		(millions)	
Segment:						
Wholesale	$ 154	21.0%	$ 154	22.1%	$ —	(110 bps)
Retail	160	18.2%	179	20.9%	(19)	(270 bps)
Licensing	29	74.4%	29	70.0%	—	440 bps
	343		362		(19)	
Unallocated corporate expenses	(83)		(70)		(13)	
Gain on acquisition of Chaps	16		—		16	
Total operating income	$ 276	16.7%	$ 292	18.3%	$ (16)	(160 bps)

Wholesale operating margin declined by 110 basis points, primarily due to an increase in SG&A expenses as a percentage of net revenues, largely due to incremental operating expenses associated with the Chaps Menswear Business acquired in April 2013. The decline in Wholesale operating margin was also due to a lower gross margin, attributable to a less favorable product mix driven by the Chaps Menswear Business Acquisition, and a less favorable customer mix within our European business. These decreases were partially offset by lower sourcing costs, primarily within our North American business.

Retail operating margin declined by 270 basis points, largely due to a lower gross margin, which was primarily attributable to a less favorable geographic mix driven by our businesses in Asia, and the unfavorable effect of foreign currency. The decline in Retail operating margin was also due to an increase in SG&A expenses as a percentage of net revenues, primarily driven by higher marketing, advertising, and promotional expenses and selling expenses.

Licensing operating margin increased by 440 basis points, primarily due to reduced operating expenses reflecting the transition of certain licensing arrangements to wholly-owned operations, partially offset by lower net revenues.

Unallocated corporate expenses increased by $13 million, primarily due to increased compensation-related costs and acquisition-related costs for previously licensed businesses.

Gain on acquisition of Chaps was $16 million for the three months ended June 29, 2013 and is further described above (see Note 5 to the accompanying unaudited interim consolidated financial statements).

Foreign Currency Losses. The effect of foreign currency exchange rate fluctuations resulted in a loss of $6 million for the three months ended June 29, 2013, compared to a loss of $3 million for the three months ended June 30, 2012. The higher foreign currency losses were primarily related to the settlement of foreign currency-denominated third-party and intercompany receivables and payables. Foreign currency gains and losses do not result from the translation of the operating results of our foreign subsidiaries to U.S. Dollars.

Interest Expense. Interest expense remained consistent at $5 million during both the three months ended June 29, 2013 and the three months ended June 30, 2012, and was largely comprised of interest expense related to our Euro Debt.

Interest and Other Income, net. Interest and other income, net, increased to $2 million for the three months ended June 29, 2013, from $1 million for the three months ended June 30, 2012, which reflected higher interest income earned on certain bank deposits and gains on sales of certain available-for-sale securities.

Equity in Losses of Equity-Method Investees. The equity in losses of equity-method investees of $2 million and $1 million for the three months ended June 29, 2013 and June 30, 2012, respectively, related to our share of losses from our joint venture, the Ralph Lauren Watch and Jewelry Company, S.A.R.L., which is accounted for under the equity method of accounting.

Provision for Income Taxes. The provision for income taxes decreased by $7 million, or 7.2%, to $84 million for the three months ended June 29, 2013, from $91 million for the three months ended June 30, 2012. The decrease in the provision for income taxes was primarily due to the decline in the overall level of our pretax income, coupled with a decrease in our reported effective tax rate of 20 basis points, to 31.7% for the three months ended June 29, 2013, from 31.9% for the three months ended June 30, 2012. The lower effective tax rate for the three months ended June 29, 2013 was primarily due to a greater proportion of earnings generated in lower-taxed jurisdictions. The effective tax rate differs from statutory rates due to the effect of state and local taxes, tax rates in foreign jurisdictions, and certain nondeductible expenses. Our effective tax rate will change from period to period based on various factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

Net Income. Net income declined by $12 million, or 6.6%, to $181 million for the three months ended June 29, 2013, from $193 million for the three months ended June 30, 2012. The decline in net income was primarily driven by the $16 million decrease in operating income, partially offset by the $7 million decline in the provision for income taxes, both as previously discussed.

Net Income per Diluted Share. Net income per diluted share decreased by $0.09, or 4.4%, to $1.94 per share for the three months ended June 29, 2013, from $2.03 per share for the three months ended June 30, 2012. The decline was due to lower net income, as previously discussed, partially offset by lower weighted-average diluted shares outstanding during the three months ended June 29, 2013 driven by our share repurchases over the last twelve months.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

	June 29, 2013	March 30, 2013	$ Change
		(millions)	
Cash and cash equivalents	$ 940	$ 974	$ (34)
Short-term investments	411	325	86
Non-current investments	9	81	(72)
Current portion of long-term debt	(271)	(267)	(4)
Net cash and investments[a]	$ 1,089	$ 1,113	$ (24)
Equity	$ 3,761	$ 3,785	$ (24)

[a] "Net cash and investments" is defined as cash and cash equivalents, plus short-term and non-current investments, less total debt.

The decline in our net cash and investments position at June 29, 2013 as compared to March 30, 2013 was primarily due to our use of cash to support our Class A common stock repurchases of $201 million, to invest in our business through $66 million in capital expenditures, and to make cash dividend payments of $36 million. These declines were partially offset by our operating cash flows during the three months ended June 29, 2013.

The decrease in equity was primarily attributable to our share repurchase activity and dividends declared, largely offset by our net income during the three months ended June 29, 2013.

Cash Flows

	Three Months Ended		
	June 29, 2013	**June 30, 2012**	**$ Change**
		(millions)	
Net cash provided by operating activities	$ 295	$ 269	$ 26
Net cash used in investing activities	(107)	(121)	14
Net cash used in financing activities	(217)	(346)	129
Effect of exchange rate changes on cash and cash equivalents	(5)	(5)	—
Net decrease in cash and cash equivalents	$ (34)	$ (203)	$ 169

Net Cash Provided by Operating Activities. Net cash provided by operating activities increased to $295 million during the three months ended June 29, 2013, as compared to $269 million during the three months ended June 30, 2012. This net increase in cash provided by operating activities was primarily driven by a net improvement in our operating assets and liabilities, including working capital, largely due to an increase related to income tax receivables and payables primarily related to the timing of payments, partially offset by a decline related to changes in accounts receivable, reflecting lower cash collections compared to the prior fiscal year period. The increase in cash provided by operating activities was partially offset by a decline in net income before non-cash items.

Net Cash Used in Investing Activities. Net cash used in investing activities was $107 million during the three months ended June 29, 2013, as compared to $121 million during the three months ended June 30, 2012. The net decrease in cash used in investing activities was primarily driven by:

- a $53 million increase in proceeds from sales and maturities of investments, less cash used to purchase investments. During the three months ended June 29, 2013, we made net investment purchases of $7 million, as compared to net purchases of $60 million during the three months ended June 30, 2012.

The above increase in cash was partially offset by:

- a $25 million increase in cash used to fund our acquisitions and ventures. During the three months ended June 29, 2013, we used $32 million of cash to fund our acquisitions and ventures, including $18 million to fund the Chaps Menswear License Acquisition, $11 million to fund the July 2013 Australia and New Zealand Licensed Operations Acquisition, as well as amounts to support the continued funding of our joint venture, the RL Watch Company. During the three months ended June 30, 2012, we used $7 million of cash, primarily in connection with our acquisition of the previously licensed business in Latin America, and to fund the operations of the RL Watch Company; and

- a $10 million decline related to our restricted cash deposits.

Net Cash Used in Financing Activities. Net cash used in financing activities was $217 million during the three months ended June 29, 2013, as compared to $346 million during the three months ended June 30, 2012. The net decrease in cash used in financing activities was primarily driven by:

- a decline in cash used to repurchase shares of our Class A common stock. During the three months ended June 29, 2013, we used $100 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional $51 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 1997 Long-Term Stock Incentive Plan, as amended (the “1997 Incentive Plan”) and our 2010 Long-Term Stock Incentive Plan (the “2010 Incentive Plan”). In addition, during the three months ended June 29, 2013, we made a $50 million payment to fund our June 2013 prepaid share repurchase program, as discussed within our "*Liquidity*" discussion below. On a comparative basis, during the three months ended June 30, 2012, we used $300 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional $47 million in shares of Class A common stock were surrendered or withheld for taxes; partially offset by:

- an increase in cash used to pay dividends. During the three months ended June 29, 2013, we used $36 million to pay dividends as compared to $19 million during the three months ended June 30, 2012.

Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, the $500 million available under our Global Credit Facility (as defined below), the availability under our Pan-Asia Credit Facilities (as defined below), our available cash and cash equivalents and short-term investments, our other investments, and our other available financing options. The majority of our cash and short-term investments are held outside the U.S. in jurisdictions where we intend to permanently reinvest any undistributed earnings to support our continued growth. However, we are not dependent on foreign cash to fund our domestic operations and do not expect to repatriate these balances to meet our domestic cash needs. Our sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store expansion and renovation, construction and renovation of shop-within-shops, investment in technological infrastructure, acquisitions, joint ventures, payment of dividends, debt repayment/repurchase, common stock repurchases, settlement of contingent liabilities (including uncertain tax positions), and other corporate activities. We believe that our existing sources of cash, as well as our ability to access capital markets, will be sufficient to support our operating, capital, and debt service requirements for the foreseeable future, including the repayment of our Euro debt upon its maturity in October 2013, the ongoing development of our recently acquired businesses, and our plans for further business expansion.

As discussed in the *"Debt and Covenant Compliance"* section below, we had no revolving credit borrowings outstanding under our Global Credit Facility or our Pan-Asia Credit Facilities as of June 29, 2013. We may elect to draw on our credit facilities or other potential sources of financing for, among other things, a material acquisition, settlement of a material contingency (including uncertain tax positions), or a material adverse business or macroeconomic development, as well as for other general corporate business purposes.

We believe that our Global Credit Facility is adequately diversified with no undue concentrations in any one financial institution. In particular, as of June 29, 2013, there were ten financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of 16%. 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 Credit Facilities in the event of our election to draw funds in the foreseeable future.

Common Stock Repurchase Program

During the three months ended June 29, 2013, we repurchased 0.9 million shares of our Class A common stock at a total cost of $150 million under our common stock repurchase program. The total cost of repurchased shares included a $50 million prepayment we made in March 2013 in connection with a share repurchase program with a third-party financial institution, which resulted in the delivery of 0.3 million shares during the three months ended June 29, 2013, based on the volume-weighted average market price of our Class A common stock over a 93-day repurchase term, less a discount of $2.22 per share. Further, in June 2013, we prepaid an additional $50 million under a separate share repurchase program with a third-party financial institution, in exchange for the right to receive shares of our Class A common stock at the conclusion of a repurchase term of up to 93 days based on the volume-weighted average market price of our Class A common stock over such term, less a discount of $2.25 per share. No shares have been delivered to us pursuant to the June 2013 prepaid share repurchase program as of June 29, 2013. The $50 million prepayment was recorded as a reduction to additional paid-in capital in our consolidated balance sheet as of June 29, 2013. The remaining availability under our common stock repurchase program, including the $50 million prepayment made in June 2013, was approximately $427 million as of June 29, 2013.

In addition, during the three months ended June 29, 2013, 0.3 million shares of Class A common stock at a cost of $51 million were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under the 1997 Incentive Plan and the 2010 Incentive Plan.

Dividends

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On May 21, 2012, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from $0.20 per share to $0.40 per share. The first quarter Fiscal 2014 dividend of $0.40 per share was declared on June 18, 2013, was payable to stockholders of record at the close of business on June 28, 2013, and was paid on July 12, 2013. Dividends paid amounted to $36 million during the three months ended June 29, 2013 and $19 million during the three months ended June 30, 2012.

We intend to continue to pay regular quarterly dividends on our outstanding common stock. However, 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, among other things, our results of operations, cash requirements, financial condition, and other factors that the Board of Directors may deem relevant.

Debt and Covenant Compliance

Euro Debt

As of June 29, 2013, we had outstanding €209 million principal amount of 4.5% notes due October 4, 2013 (the "Euro Debt"). We have the option to redeem all of the outstanding Euro Debt at any time at a redemption price equal to the principal amount plus a premium. We also have the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control, each holder of the Euro Debt has the option to require us to redeem the Euro Debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the "Indenture") contains certain limited covenants that restrict our ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

As of June 29, 2013 and March 30, 2013, the carrying value of our Euro Debt was $271 million and $267 million, respectively, and was classified as current portion of long-term debt in our consolidated balance sheets.

Revolving Credit Facilities

Global Credit Facility

We have a credit facility that provides for a $500 million senior unsecured revolving line of credit through March 2016, and is also used to support the issuance of letters of credit (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 to $750 million, 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. As of June 29, 2013, there were no borrowings outstanding under the Global Credit Facility and we were contingently liable for $9 million of outstanding letters of credit.

The Global Credit Facility contains a number of covenants that, among other things, restrict our 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; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make investments. The Global Credit Facility also requires us to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus eight times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, and (iv) consolidated rent expense. As of June 29, 2013, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility.

Pan-Asia Credit Facilities

Certain of our subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase (the "Banks") in China, Malaysia, South Korea, and Taiwan (the "Pan-Asia Credit Facilities"). These credit facilities may be used to fund general working capital and corporate needs of our operations in the respective regions. Borrowings under the Pan-Asia Credit Facilities are guaranteed by us and are granted at the sole discretion of the Banks, subject to availability of the Banks' funds and satisfaction of certain regulatory requirements. The Pan-Asia Credit Facilities do not contain any financial covenants. Our Pan-Asia Credit Facilities by country are as follows:

- Chinese Credit Facility — provides Ralph Lauren Trading (Shanghai) Co., Ltd. with a revolving line of credit of up to 100 million Chinese Renminbi (approximately $16 million) through April 9, 2014. The Chinese Credit Facility may also be used to support bank guarantees. The Chinese Credit Facility was renewed on April 10, 2013 with the same terms and borrowing capacity as the prior facility that expired on such date.

- Malaysia Credit Facility — provides Ralph Lauren (Malaysia) Sdn Bhd with a revolving line of credit of up to 16 million Malaysian Ringgit (approximately $5 million) through September 13, 2013.

- South Korea Credit Facility — provides Ralph Lauren (Korea) Ltd. with a revolving line of credit of up to 11 billion South Korean Won (approximately $10 million) through October 31, 2013.

- Taiwan Credit Facility — provides Ralph Lauren (Hong Kong) Retail Company Limited, Taiwan Branch with a revolving line of credit of up to 59 million New Taiwan Dollars (approximately $2 million) through October 23, 2013.

As of June 29, 2013, there were no borrowings outstanding under any of the Pan-Asia Credit Facilities.

Refer to Note 14 of the Fiscal 2013 10-K for detailed disclosure of the terms and conditions of our debt and credit facilities.

Contractual Obligations

Lease Obligations

During the three months ended June 29, 2013, we entered into a build-to-suit lease for a new flagship store on Fifth Avenue in New York City, which will feature a full assortment of Polo-branded apparel and accessories. The total commitment related to this lease is $235 million, with minimum lease payments of $25 million due each year from Fiscal 2015 through Fiscal 2019, and aggregate minimum lease payments of $110 million for Fiscal 2020 through Fiscal 2023. We will take possession of this property in the second quarter of Fiscal 2014.

Refer to the *Contractual and Other Obligations* disclosure within the *Financial Condition and Liquidity* section of the Fiscal 2013 10-K for detailed disclosure of our other lease commitments and contractual obligations as of March 30, 2013.

MARKET RISK MANAGEMENT

As discussed in Note 16 to our audited consolidated financial statements included in our Fiscal 2013 10-K and Note 13 to the accompanying unaudited interim consolidated financial statements, we are exposed to a variety of risks, including changes in foreign currency exchange rates relating to certain anticipated cash flows from our international operations and possible declines in the value of reported net assets of certain of our foreign operations, as well as changes in the fair value of our fixed-rate debt relating to fluctuations in interest rates. Consequently, in the normal course of business, we employ established policies and procedures, including the use of derivative financial instruments, to manage such risks. We do not enter into derivative transactions for speculative or trading purposes.

As a result of the use of derivative instruments, we are exposed to the risk that counterparties to our derivative contracts will fail to meet their contractual obligations. To mitigate such counterparty credit risk, we have a policy of only entering into contracts with carefully selected financial institutions based upon evaluation of their credit ratings and other financial factors. Our established policies and procedures for mitigating credit risk from derivative transactions include ongoing review and assessment of the creditworthiness of our counterparties. We also enter into master netting arrangements with counterparties when possible to mitigate credit risk associated with our derivative instruments. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty risk with respect to our derivative contracts as of June 29, 2013. However, we do have in aggregate approximately $20 million of derivative instruments in net asset positions with seven creditworthy financial institutions.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates through the use of foreign currency exchange derivative contracts. Refer to Note 13 to the accompanying unaudited interim consolidated financial statements for a summary of the notional amounts and fair values of our foreign currency exchange contracts outstanding as of June 29, 2013.

Forward Foreign Currency Exchange Contracts

We enter into forward foreign currency exchange contracts as hedges to reduce our risk related to exchange rate fluctuations on inventory purchases, intercompany royalty payments made by certain of our international operations, intercompany contributions made to fund certain marketing efforts of our international operations, and other foreign currency-denominated operational cash flows. As part of our overall strategy to manage the level of exposure to the risk of foreign currency exchange rate fluctuations, primarily to changes in the value of the Euro, the Japanese Yen, the Hong Kong Dollar, the South Korean Won, the British Pound Sterling, and the Australian Dollar, we hedge a portion of our foreign currency exposures anticipated over a two-year period. In doing so, we use forward foreign currency exchange contracts that generally have maturities of three months to two years to provide continuing coverage throughout the hedging period.

Our foreign exchange risk management activities are governed by our Company's 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 a periodic review of market values and sensitivity analyses.

Hedge of Net Investment in Certain European Subsidiaries

As of June 29, 2013, €59 million of our Euro Debt's principal amount of €209 million was designated as a hedge of our net investment in certain of our European subsidiaries. Changes in the fair value of a derivative instrument or foreign currency-related changes in the carrying value of a non-derivative financial instrument (such as debt) that is designated as a hedge of a net investment in a foreign operation are reported in the same manner as a translation adjustment, to the extent it is effective as a hedge. As such, changes in the designated portion of the Euro Debt's carrying value resulting from changes in the Euro exchange rate have been, and continue to be, reported in equity as a component of AOCI, as the debt has been a highly effective hedge. We recorded the translation of the designated portion of the Euro Debt to U.S. Dollars within other comprehensive income (loss), resulting in a loss of $1 million during the three months ended June 29, 2013 and a gain of $14 million during the three months ended June 30, 2012. Refer to Note 13 to the accompanying unaudited interim consolidated financial statements for further information.

Interest Rate Risk Management

During the first quarter of Fiscal 2011, we entered into a fixed-to-floating interest rate swap with an aggregate notional amount of €209 million, which was designated as a fair value hedge to mitigate our exposure to changes in the fair value of our Euro Debt due to changes in the benchmark interest rate. The interest rate swap was executed to swap the 4.5% fixed interest rate on our Euro Debt for a variable interest rate. On April 11, 2011, we terminated the interest rate swap agreement at a loss of $8 million. The related fair value adjustment to the carrying value of our Euro Debt is being recognized within interest expense over the remaining term of the debt, through October 4, 2013. During each of the three-month periods ended June 29, 2013 and June 30, 2012, $1 million of this fair value adjustment was recognized as interest expense within our unaudited interim consolidated statements of income.

As of June 29, 2013, there have been no other significant changes in our interest rate and foreign currency exposures, or in the types of derivative instruments used to hedge such exposures.

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

Investment Risk Management

As of June 29, 2013, we had cash and cash equivalents on-hand of $940 million, primarily invested in money market funds, time deposits, and treasury bills with original maturities of 90 days or less. Our other significant investments included $411 million of short-term investments, primarily in time deposits and government bonds with original maturities greater than 90 days; $44 million of restricted cash placed in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters; $7 million of investments with maturities greater than one year; and $2 million of auction rate securities issued through a municipality.

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 further below. As of June 29, 2013, we do not hold any investments in sovereign debt securities issued by Greece, Ireland, Portugal, Spain, or Italy. See Note 13 to the accompanying unaudited interim consolidated financial statements for further detail of the composition of our investment portfolio as of June 29, 2013.

We evaluate investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. Such evaluation involves a variety of considerations, including assessments of risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. We consider the following factors: (i) the length of time and the extent to which the fair value has been below cost, (ii) the financial condition, credit worthiness, and near-term prospects of the issuer, (iii) the length of time to maturity, (iv) future economic conditions and market forecasts, (v) our intent and ability to retain our investment for a period of time sufficient to allow for recovery of market value, and (vi) an assessment of whether it is more likely than not that we will be required to sell our investment before recovery of market value. No significant realized or unrealized gains or losses on available-for-sale investments or other-than-temporary impairment charges were recorded in any of the fiscal periods presented.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in Note 3 to the audited consolidated financial statements included in our Fiscal 2013 10-K. Our estimates are often based on complex judgments, probabilities, and assumptions that our 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 facts and circumstances, could develop and support a range of alternative estimated amounts. For a complete discussion of our critical accounting policies, see the "Critical Accounting Policies" section of the MD&A in our Fiscal 2013 10-K. There have been no significant changes in the application of our critical accounting policies since March 30, 2013.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 4 to the accompanying unaudited interim consolidated financial statements for a description of certain recently issued or proposed accounting standards which 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.*

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act 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 the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

The Company carried out an evaluation based on criteria established in the original *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13(a)-15(e) and 15(d)-15(e) of the Securities and Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective at the reasonable assurance level as of June 29, 2013. Except as discussed below, there has been no change in the Company's internal control over financial reporting during the fiscal quarter ended June 29, 2013, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Global Operating and Financial Reporting System Implementation

We are in the process of implementing a new global operating and financial reporting information technology system as part of a multi-year plan to integrate and upgrade our systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years. During the first quarter of Fiscal 2014, we started the beginning phases of this implementation effort which involves the migration of certain areas of our business to the new system, including global merchandise procurement and customer order management and record-to-report for our North American wholesale operations, which is scheduled to occur in stages through Fiscal 2015. As the phased implementation of this new system occurs, we are experiencing certain changes to our processes and procedures which, in turn, result in changes in internal control over financial reporting. While we expect this new system to strengthen our internal financial controls by automating manual processes and standardizing business processes across our organization, management will continue to evaluate and monitor our internal controls as processes and procedures in each of the affected areas evolve. For a discussion of risks related to the implementation of new systems, see Item 1A — "*Risk Factors — Risks Related to Our Business — Implementation of management information systems may negatively impact our business*" in our Annual Report on Form 10-K for the fiscal year ended March 30, 2013.

Chaps Menswear License Acquisition

In April 2013, we acquired control of the North American Chaps-branded men's sportswear business from The Warnaco Group, Inc. (“Warnaco”), a subsidiary of PVH Corp. (“PVH”), that was formerly conducted under a licensed arrangement (the "Chaps Menswear License Acquisition,” as discussed in Note 5 to the accompanying unaudited interim consolidated financial statements). We are in the process of evaluating internal controls of the acquired business and developing the supporting infrastructure covering all critical operations, including but not limited to, merchandising, sales, inventory management, customer service, distribution, finance, and other administrative areas to support this business.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

Reference is made to the information disclosed under Item 3 — "LEGAL PROCEEDINGS" in our Annual Report on Form 10-K for the fiscal year ended March 30, 2013. The following is a summary of recent litigation developments.

Wathne Imports Litigation

On August 19, 2005, Wathne Imports, Ltd. ("Wathne"), our then domestic licensee for luggage and handbags, filed a complaint in the U.S. District Court in the Southern District of New York against the Company and Mr. Ralph Lauren, our Chairman and Chief Executive Officer, asserting, among other things, federal trademark law violations, breach of contract, breach of obligations of good faith and fair dealing, fraud, and negligent misrepresentation. The complaint originally sought, among other relief, injunctive relief, compensatory damages in excess of $250 million, and punitive damages of not less than $750 million. On September 13, 2005, Wathne withdrew this complaint from the U.S. District Court and filed a complaint in the Supreme Court of the State of New York, New York County, making substantially the same allegations and claims (excluding the federal trademark claims), and seeking similar relief. On February 1, 2006, the Court granted our motion to dismiss all of the causes of action, including the cause of action against Mr. Lauren, except for breach of contract related claims, and denied Wathne's motion for a preliminary injunction. Following some discovery, we moved for summary judgment on the remaining claims and Wathne cross-moved for partial summary judgment. In an April 11, 2008 Decision and Order, the Court granted our summary judgment motion to dismiss most of the claims against us, and denied Wathne's cross-motion for summary judgment. Wathne appealed the dismissal of its claims to the Appellate Division of the Supreme Court. Following a hearing on May 19, 2009, the Appellate Division issued a Decision and Order on June 9, 2009 which, in large part, affirmed the lower Court's ruling.

We subsequently made a motion to exclude Wathne's proposed expert's damages report and, on January 23, 2012, the Court granted our motion. Wathne then appealed the ruling to the Appellate Division and, on October 18, 2012, the Appellate Division reversed the order of the lower Court. At this time, the trial date has not yet been scheduled and we intend to continue to contest the remaining claims and dispute any alleged damages in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on our consolidated financial statements.

Other Matters

From time to time, we are involved in litigation, other legal claims, and proceedings involving matters associated with or incidental to our business, including, among other things, matters involving credit card fraud, trademark and other intellectual property, licensing, and employee relations. We believe that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our consolidated financial statements. However, our assessment of the current litigation or other legal claims could 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.

Item 1A. *Risk Factors.*

The Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2013 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.***

Items 2(a) and (b) are not applicable.

(c) Stock Repurchases

The following table sets forth the repurchases of shares of the Company's Class A common stock during the fiscal quarter ended June 29, 2013:

	Total Number of Shares Purchased		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	
					(millions)	
March 31, 2013 to April 27, 2013	—		$ —	—	$ 577	
April 28, 2013 to May 25, 2013	55,090		181.54	55,090	567	
May 26, 2013 to June 29, 2013	1,094,286	(1), (2)	174.90	798,925	427	(3)
	1,149,376			854,015		

(1) Includes approximately 0.3 million shares surrendered to, or withheld, by the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under the 2010 Long-Term Stock Incentive Plan and the 1997 Long-Term Stock Incentive Plan, as amended.

(2) Includes approximately 0.3 million shares received in June 2013 at the conclusion of the 93-day repurchase term under a $50 million prepaid share repurchase program entered into with a third-party financial institution in March 2013.

(3) The remaining value of shares authorized for repurchase was reduced by a $50 million payment made under a prepaid share repurchase program entered into with a third-party financial institution in June 2013, in exchange for the right to receive shares of Class A common stock at the conclusion of the repurchase term of up to 93 days.

Item 6. ***Exhibits.***

10.1	Amended and Restated 2010 Long-Term Incentive Plan, amended as of August 8, 2013.
31.1	Certification of Ralph Lauren, Chairman and Chief Executive Officer, pursuant to 17 CFR 240.13a-14(a).
31.2	Certification of Christopher H. Peterson, Senior Vice President and Chief Financial Officer, pursuant to 17 CFR 240.13a-14(a).
32.1	Certification of Ralph Lauren, Chairman and Chief 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 Christopher H. Peterson, Senior Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at June 29, 2013 and March 30, 2013, (ii) the Consolidated Statements of Income for the three-month periods ended June 29, 2013 and June 30, 2012, (iii) the Consolidated Statements of Comprehensive Income for the three-month periods ended June 29, 2013 and June 30, 2012, (iv) the Consolidated Statements of Cash Flows for the three-month periods ended June 29, 2013 and June 30, 2012, and (v) the Notes to Consolidated Financial Statements.

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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RALPH LAUREN CORPORATION

By: /s/ CHRISTOPHER H. PETERSON

Christopher H. Peterson

Senior Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Date: August 8, 2013

EXHIBIT 10.1

RALPH LAUREN CORPORATION

AMENDED AND RESTATED 2010 LONG-TERM STOCK INCENTIVE PLAN

As amended through August 8, 2013

SECTION 1. *PURPOSE AND HISTORY*. The purposes of this Amended and Restated Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan are to promote the interests of the Ralph Lauren Corporation and its stockholders by (i) attracting and retaining exceptional directors, officers and other employees and third party service providers of the Company and its Subsidiaries, as defined below; (ii) motivating such individuals by means of performance-related incentives to achieve longer-range performance goals; and (iii) enabling such individuals to participate in the long-term growth and financial success of the Company. The Plan was originally adopted by the Company's Board of Directors on June 17, 2010 and originally approved by the Company's stockholders on August 5, 2010.

SECTION 2. *DEFINITIONS*. As used in the Plan, the following terms shall have the meanings set forth below:

"*Affiliate*" shall mean (i) any Person that, directly or indirectly, is controlled by, or controls or is under common control with, the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

"*Award*" shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award, Other Stock-Based Award or Performance Compensation Award.

"*Award Agreement*" shall mean any agreement, contract, or other instrument or document, in any form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter), evidencing any Award or the terms and conditions thereof, which may, but need not, be executed or acknowledged by a Participant.

"*Board*" shall mean the Board of Directors of the Company.

"*Cause*" shall mean in the case of a particular Award, unless the applicable Award Agreement states otherwise, (i) the Company or an Affiliate having "cause" to terminate a Participant's employment or service, as defined in any employment or consulting agreement between the Participant and the Company or an Affiliate in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of "Cause" contained therein): (A) failure by the Participant to perform the duties of the Participant to the Company or an Affiliate (other than due to his or her Disability), provided that such conduct shall not constitute Cause unless and until such failure by Participant to perform his or her duties has not been cured to the satisfaction of the Company, in its sole discretion, within fifteen (15) days after notice of such failure has been given by the Company to Participant; (B) 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 the Participant; (C) any action by the Participant causing damage to or misappropriation of the Company's assets; (D) the Participant's wrongful disclosure of confidential information of the Company or any of its Affiliates; (E) the Participant's breach of (x) any non-competition, non-solicitation, non-disparagement or other restrictive covenants to which he or she is subject under any employment or consulting agreement or otherwise, and/or (y) the Participant's duty of loyalty; (F) the Participant's 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; (G) performance by the Participant of his or her employment duties in a manner deemed by the Committee, in its sole discretion, to be grossly negligent; or (H) the commission of any act by the Participant, 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. Any determination of whether Cause exists shall be made by the Committee in its sole discretion.

"*Change of Control*" shall mean the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act other than Permitted Holders; (ii) any person or group is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all Shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50 percent of the total voting power of the voting stock of the Company, including by way of merger, consolidation or otherwise; provided, however, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate, (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate, (III) any acquisition by one or more of the Permitted Holders, or (IV) any acquisition which complies with clauses (A), (B) and (C) of subsection (v) below; (iii) during any period of twelve (12) consecutive months, Present and/or New Directors cease for any reason to constitute a majority of the Board; (iv) the Permitted Holders' beneficial ownership of the total voting power of the voting stock of the Company falls below 30 percent and either Ralph Lauren is not nominated for a position on the Board, or he stands for election to the Board and is not elected; (v) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), if immediately following such Business Combination: (A) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the members of the board of directors (or the analogous governing body) of the Surviving Company (the "Parent Company"), is represented by the Shares that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the shares of voting stock of the Company were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power was among the holders of the Shares that were outstanding immediately prior to the Business Combination, (B) no person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company, or one or more Permitted Holders), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect members of the board of directors of the Parent Company (or the analogous governing body) (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination; or (vi) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"*Committee*" shall mean either (i) the Board or (ii) a committee of the Board designated by the Board to administer the Plan and composed of not less two directors, each of whom is required to be a "Non-Employee Director" (within the meaning of Rule 16b-3) and an "outside director" (within the meaning of Section 162(m) of the Code) to the extent Rule 16b-3 and Section 162(m) of the Code, respectively, are applicable to the Company and the Plan. If at any time such a committee has not been so designated, the Board shall constitute the Committee.

"*Company*" shall mean the Ralph Lauren Corporation, together with any successor thereto.

"*Disability*" shall mean that as a result of a Participant's incapacity due to physical or mental illness, the Participant shall have been (or the Committee reasonably determines that the Participant is reasonably likely to be) absent and unable to perform the duties of the Participant's position on a full-time basis for an entire period of six consecutive months.

"*Effective Date*" shall mean the date on which this Plan is approved by the Stockholders of the Company at the Company's 2010 annual meeting of Stockholders.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Fair Market Value*" shall mean, (A) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee and (B) with respect to the Shares, as of any date, (i) the mean between the high and low sales prices of the Shares (provided that the Committee may in its discretion use the closing sales price) as reported on the New York Stock Exchange for such date (or if not then trading on the New York Stock Exchange, the mean between the high and low sales price of the Shares (provided that the Committee may in its discretion use the closing sales price) on the stock exchange or over-the-counter market on which the Shares are principally trading on such date), or if, there were no sales on such date, on the closest preceding date on which there were sales of Shares or (ii) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee.

"*Full Value Award*" shall mean an Award which is other than in the form of an Option or Stock Appreciation Right, and that is settled by the issuance of Shares.

"*Good Reason*" shall mean in the case of a particular Award, unless the applicable Award Agreement states otherwise, (i) the Participant having "good reason" to terminate his or her employment or service, as defined in any employment or consulting agreement between the Participant and the Company or an Affiliate in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of "good reason" contained therein), Good Reason shall not apply to such Participant.

"*Incentive Stock Option*" shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

"*Negative Discretion*" shall mean the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Compensation Award; PROVIDED that the exercise of such discretion would not cause the Performance Compensation Award to fail to qualify as "performance-based compensation" under Section 162(m) of the Code. By way of example and not by way of limitation, in no event shall any discretionary authority granted to the Committee by the Plan including, but not limited to, Negative Discretion, be used to (a) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained; or (b) increase a Performance Compensation Award above the maximum amount payable under Sections 4(a) or 11(d)(vi) of the Plan. Notwithstanding anything herein to the contrary, in no event shall Negative Discretion be exercised by the Committee with respect to any Option or Stock Appreciation Right (other than an Option or Stock Appreciation Right that is intended to be a Performance Compensation Award under Section 11 of the Plan).

"*New Directors*" shall mean any directors whose election by the Board or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company who, at the time of such vote, were either Present Directors or New Directors but excluding any such individual whose initial assumption of office occurs solely as a result of an actual or threatened proxy contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

"*Non-Qualified Stock Option*" shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan and that is not intended to be an Incentive Stock Option.

"*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

"*Other Stock-Based Award*" shall mean any right granted under Section 10 of the Plan.

"*Participant*" shall mean any Person eligible to receive an Award under Section 5 of the Plan and selected by the Committee to receive an Award under the Plan.

"*Performance Award*" shall mean any right granted under Section 9 of the Plan.

"*Performance Compensation Award*" shall mean any Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.

"*Performance Criteria*" shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Compensation Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (and/or one or more Subsidiaries, Affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments or any combination of the foregoing) and shall be limited to the following: (a) net earnings or net income (before or after taxes); (b) basic or diluted earnings per share (before or after taxes); (c) net revenue or net revenue growth; (d) gross revenue or gross revenue growth, or gross profit or gross profit growth; (e) net operating profit (before or after taxes); (f) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (g) cash flow measures (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital), which may but are not required to be measured on a per share basis; (h) earnings before or after taxes, interest, depreciation and/or amortization; (i) gross or net operating margins; (j) productivity ratios; (k) share price (including, but not limited to, growth measures and total stockholder return); (l) expense targets or cost reduction goals; (m) general and administrative expense savings; (n) operating efficiency; (o) objective measures of customer satisfaction;

(p) working capital targets; (q) measures of economic value added or other "value creation" metrics; (r) inventory control; (s) enterprise value; (t) customer retention; (u) competitive market metrics; (v) employee retention; (w) timely completion of new product rollouts; (x) timely launch of new facilities; (y) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (z) royalty income; (aa) same store sales (comparable sales), comparisons of continuing operations to other operations; (bb) market share; (cc) new store openings (gross or net), store remodelings; (dd) cost of capital, debt leverage year-end cash position or book value; (ee) strategic objectives, development of new product lines and related revenue, sales and margin targets, franchisee growth and retention, menu design and growth, co-branding or international operations; or (ii) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criterion, or used on an absolute or relative basis to measure the performance of the Company, Subsidiary and/or Affiliate as a whole or any divisions or operational and/or business units, product lines, brands, business segments, or administrative departments of the Company, Subsidiary and/or Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period. In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Criteria without obtaining stockholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining stockholder approval.

"*Performance Formula*" shall mean, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

"*Performance Goals*" shall mean, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter (but only to the extent the exercise of such authority after the first 90 days of a Performance Period would not cause the Performance Compensation Awards granted to any Participant for the Performance Period to fail to qualify as "performance-based compensation" under Section 162(m) of the Code), in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period to the extent permitted under Section 162(m) of the Code in order to prevent the dilution or enlargement of the rights of Participants based on the following events: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items as described in the Financial Accounting Standards Board Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, (f) acquisitions or divestitures, (g) any other specific, unusual or nonrecurring events, or objectively determinable category thereof, (h) foreign exchange gains and losses, and (i) a change in the Company's fiscal year. To the extent such inclusions or exclusions affect Awards to Participants, they shall be prescribed in a form that meets the requirements of Section 162(m) of the Code for deductibility.

"*Performance Period*" shall mean the one or more periods of time of at least one year in duration, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Performance Compensation Award.

"*Permitted Holders*" shall mean, as of the date of determination, (i) any and all of Ralph Lauren, his spouse, his siblings and their spouses, and descendants of any of them (whether natural or adopted) (collectively, the "Lauren Group") and (ii) any trust established and maintained primarily for the benefit of any member of the Lauren Group and any entity controlled by any member of the Lauren Group.

"*Person*" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

"*Plan*" shall mean this Amended and Restated Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan.

"*Present Directors*" shall mean individuals who at the beginning of any one year period were members of the Board.

"*Prior Plan*" shall mean the Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan, as amended.

"*Restricted Stock*" shall mean any Share granted under Section 8 of the Plan.

"*Restricted Stock Unit*" shall mean any unit granted under Section 8 of the Plan.

"*Rule 16b-3*" shall mean Rule 16b-3 as promulgated and interpreted by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

"*SEC*" shall mean the Securities and Exchange Commission or any successor thereto and shall include the Staff thereof.

"*Shares*" shall mean the shares of Class A Common Stock of the Company, $.01 par value, or such other securities of the Company (i) into which such common shares shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of shares or other similar transaction or (ii) as may be determined by the Committee pursuant to Section 4(b).

"*Stock Appreciation Right*" shall mean any right granted under Section 7 of the Plan.

"*Subsidiary*" shall mean (i) any entity that, directly or indirectly, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

"*Substitute Awards*" shall have the meaning specified in Section 4(c).

"*Third Party Service Provider*" means any consultant, agent, advisor, or independent contractor who is a natural person and who renders services to the Company, a Subsidiary, or an Affiliate, that (a) are not in connection with the offer and sale of the Company's securities in a capital raising transaction, and (b) do not directly or indirectly promote or maintain a market for the Company's securities.

SECTION 3. *EFFECTIVE DATE AND ADMINISTRATION*.

(a) The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth anniversary of the Effective Date; provided, however, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

(b) The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant and designate those Awards which shall constitute Performance Compensation Awards; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award (subject to Section 162(m) of the Code with respect to Performance Compensation Awards) shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, administer reconcile any inconsistency, correct any default and/or supply any omission in the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (ix) establish and administer Performance Goals and certify whether, and to what extent, they have been attained; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any stockholder.

(d) The mere fact that a Committee member shall fail to qualify as a "Non-Employee Director" or "outside director" within the meaning of Rule 16b-3 and Code Section 162(m), respectively, shall not invalidate any award made by the Committee which award is otherwise validly made under the Plan.

(e) No member of the Board, the Committee or any employee or agent of the Company (each such person, an "Indemnifiable Person") shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made under the Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company's approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined as provided below that the Indemnifiable Person is not entitled to be indemnified); provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts or omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person's fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Certificate of Incorporation or By Laws. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the Company's Amended and Restated Certificate of Incorporation or By Laws, as a matter of law, individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold them harmless.

(f) With respect to any Performance Compensation Award granted under the Plan, the Plan shall be interpreted and construed in accordance with Section 162(m) of the Code.

(g) Notwithstanding the foregoing, the Committee may delegate, in a manner consistent with Section 157(c) of the Delaware General Corporation Law (or other applicable law), to one or more officers of the Company (i) the authority to grant awards to Participants who are not officers or directors of the Company subject to Section 16 of the Exchange Act or "covered employees" within the meaning of Section 162(m) of the Code or (ii) the authority to make certain determinations permitted or required to be made by the Committee under the Plan (including, without limitation, determinations relating to the existence of Cause or Disability).

(h) Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the New York Stock Exchange or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

SECTION 4. *SHARES AVAILABLE FOR AWARDS.*

(a) *SHARES AVAILABLE*. Subject to adjustment as provided in Section 4(b), the aggregate number of Shares with respect to which Awards may be granted under the Plan shall be the sum (such sum, the "Absolute Share Limit") of (a) the original amount reserved under the Plan (i.e., the sum of (i) the number of Shares remaining available for issuance as of August 5, 2010 under the Prior Plan that were not subject to outstanding awards under the Prior Plan plus (ii) 3,000,000), plus (b) 1,700,000; the maximum number of Shares with respect to which Awards may be granted to any Participant who is a director of the Company but not an employee of the Company in any fiscal year may not exceed 25,000; the maximum number of Shares with respect to which Options and Stock Appreciation Rights may be granted to any Participant in any fiscal year shall be 1,000,000 and the maximum number of Shares which may be paid to a Participant in the Plan in connection with the settlement of any Award(s) designated as "Performance Compensation Awards" in respect of a single Performance Period shall be 1,000,000 or, in the event such Performance Compensation Award is paid in cash, the equivalent cash value thereof. In addition, of the Shares reserved for issuance under the Plan pursuant to this Section 4(a), no more than the Absolute Share Limit may be issued pursuant to Incentive Stock Options. If, after the Effective Date of the Plan, any Shares covered by an Award granted under the Plan or an award granted under the Prior Plan, or to which such an Award relates, are forfeited, or if an Award granted under the Plan (or an award granted under the Prior Plan) has expired, terminated or been canceled for any reason whatsoever (other than by reason of exercise or vesting), then the Shares covered by such Award (or award granted under the Prior Plan) shall again be, or shall become, Shares with respect to which Awards may be granted hereunder. In addition, Shares delivered (either directly or by means of attestation or withholding) in full or partial payment of any tax withholding obligation, shall be deducted from the number of Shares delivered to the Participant pursuant to such Award (or award granted under the Prior Plan) for purposes of determining the number of Shares acquired pursuant to the Plan; provided, that notwithstanding the foregoing, in no event shall any of the following Shares again be made available for issuance in respect of Awards under the Plan: (i) Shares not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right or Option; (ii) Shares used to pay the exercise price, strike price or withholding taxes in respect of an outstanding Stock Appreciation Right or Option; or (iii) Shares repurchased on the open market with the proceeds of the exercise price of an Option.

(b) *ADJUSTMENTS*. Notwithstanding any provisions of the Plan to the contrary, in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Committee in its discretion to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, (ii) the number of Shares or other securities of the Company (or number and kind of other securities or property) which may be delivered in respect of Awards or with respect to which Awards may be granted under the Plan (including without limitation adjusting any or all of the limitations in Section 4(a) of the Plan), (iii) the terms of any outstanding Award, including, without limitation, (1) the number of Shares or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate (2) the grant or exercise price with respect to any Award or (3) any applicable performance measures (including, without limitation, Performance Criteria and Performance Goals), (iv) if deemed appropriate, make provision for a payment in cash, Shares, other securities or other property, or any combination thereof, to the holder of an outstanding Award in consideration for the cancellation of such Award which, in the case of Options and Stock Appreciation Rights shall equal the excess if any, of the Fair Market Value of the Shares (which if applicable may be based upon the price per Share received or to be received by other stockholders of the Company in such event) subject to such Options or Stock Appreciation Rights over the aggregate exercise price or strike price of such Options or Stock Appreciation Rights (it being understood that, in such event, any Option or SAR having a per Share exercise price or strike price equal to, or in excess of, the Fair Market Value of a Share subject thereto may be canceled and terminated without any payment or consideration therefor), and (v) accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise outstanding Awards prior to the occurrence of such event (and any such Award not so exercised shall terminate upon the occurrence of such event);

PROVIDED, however, that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment in Incentive Stock Options under this Section 4(b) (other than any cancellation of Incentive Stock Options) shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 4(b) shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. Any such adjustment shall be conclusive and binding for all purposes.

(c) *SUBSTITUTE AWARDS*. Subject to Section 12(b), Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its Affiliates or a company acquired by the Company or with which the Company combines (“Substitute Awards”). The number of Shares underlying any Substitute Awards shall be counted against the aggregate number of Shares available for Awards under the Plan.

(d) *SOURCES OF SHARES DELIVERABLE UNDER AWARDS*. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares, Shares purchased on the open market, or by private purchase, or a combination of the foregoing. Following the Effective Date, no further awards shall be granted under any Prior Plan.

(e) *FULL VALUE AWARDS*. Except with respect to a maximum of five percent (5%) of the Shares authorized under the Plan, any Full Value Awards that vest solely on the basis of the Participant's continued employment with or provision of service to the Company shall not provide for vesting that is any more rapid than annual pro rata vesting over a three (3) year period, and any Full Value Awards that vest upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months. The vesting of Full Value Awards may only be accelerated upon (i) death, Disability, retirement or other termination of employment or service of the Participant or (ii) a Change of Control.

SECTION 5. *ELIGIBILITY*. Any director, officer or employee of, or Third Party Service Provider to, the Company or any of its Subsidiaries (including any prospective director, officer, employee or Third Party Service Provider) shall be eligible to be designated a Participant.

SECTION 6. *STOCK OPTIONS*.

(a) *GRANT*. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options shall be granted, the number of Shares to be covered by each Option, the exercise price therefor and the conditions and limitations applicable to the exercise of the Option. The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. All Options when granted under the Plan are intended to be Non-Qualified Stock Options, unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. If an Option is intended to be an Incentive Stock Option, and if for any reason such Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Non-Qualified Stock Option appropriately granted under the Plan; provided that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to Non-Qualified Stock Options.

(b) *EXERCISE PRICE*. The Committee shall establish the exercise price at the time each Option is granted, which exercise price shall be set forth in the applicable Award Agreement, but shall be no less than the Fair Market Value of a Share at the date of grant.

(c) *EXERCISE*. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable after the tenth anniversary of the grant date. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal or state securities laws, as it may deem necessary or advisable. Options with an exercise price equal to or greater than the Fair Market Value per Share as of the date of grant are intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

(d) *PAYMENT*.

(i) No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate exercise price therefor is received by the Company. Such payment may be made (x) in cash, or its equivalent or (y) by tendering to the Company Shares valued at Fair Market Value at the time the Option is exercised, which are not the subject of any pledge or other security interest or which have such other characteristics, if any, as may be determined by the Committee, or (z) subject to such rules as may be established by the Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the aggregate exercise price, or by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the Company as of the date of such tender is at least equal to such aggregate exercise price.

(ii) Wherever in this Plan or any Award Agreement a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

(e) *NOTIFICATION UPON DISQUALIFYING DISPOSITION OF AN INCENTIVE STOCK OPTION*. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date he or she makes a disqualifying disposition of any Shares acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of any Shares acquired pursuant to any Incentive

Stock Option before the later of (A) two years after the Date of Grant of the Incentive Stock Option or (B) one year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Shares acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Shares.

SECTION 7. *STOCK APPRECIATION RIGHTS.*

(a) *GRANT*. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Stock Appreciation Rights shall be granted, the number of Shares to be covered by each Stock Appreciation Right Award, the strike price thereof (which shall be no less than the Fair Market Value of a Share at the date of grant) and the conditions and limitations applicable to the exercise thereof. Stock Appreciation Rights with a strike price equal to or greater than the Fair Market Value per Share as of the date of grant are intended to qualify as “performance-based compensation” under Section 162(m) of the Code. Stock Appreciation Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to another Award. Stock Appreciation Rights granted in tandem with or in addition to an Award may be granted either at the same time as the Award or at a later time.

(b) *EXERCISE AND PAYMENT*. A Stock Appreciation Right shall entitle the Participant to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the strike price thereof. The Committee shall determine whether a Stock Appreciation Right shall be settled in cash, Shares or a combination of cash and Shares.

(c) *OTHER TERMS AND CONDITIONS*. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine, at or after the grant of a Stock Appreciation Right, the term, methods of exercise, methods and form of settlement, and any other terms and conditions of any Stock Appreciation Right; PROVIDED, HOWEVER, that no Stock Appreciation rights shall be exercisable after the tenth anniversary of the date of its grant. Any such determination by the Committee may be changed by the Committee from time to time and may govern the exercise of Stock Appreciation Rights granted or exercised prior to such determination as well as Stock Appreciation Rights granted or exercised thereafter. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate.

SECTION 8. *RESTRICTED STOCK AND RESTRICTED STOCK UNITS.*

(a) *GRANT*. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Shares of Restricted Stock and Restricted Stock Units shall be granted, the number of Shares of Restricted Stock and/or the number of Restricted Stock Units to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Stock and Restricted Stock Units may be forfeited to the Company, and the other terms and conditions of such Awards.

(b) *TRANSFER RESTRICTIONS*. Shares of Restricted Stock and Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except, in the case of Restricted Stock, as provided in the Plan or the applicable Award Agreements. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause Shares to be registered in the name of the Participant and held in book-entry form subject to the Company's directions. The Committee may also require that certificates issued in respect of Shares of Restricted Stock be registered in the name of the Participant and deposited by such Participant, together with a stock power endorsed in blank, with the Company. Upon the lapse of the restrictions applicable to such Shares of Restricted Stock, the Company shall deliver such certificates to the Participant or the Participant's legal representative. Subject to the restrictions set forth in this Section 8 and the applicable Award Agreement, the Participant generally shall have the rights and privileges of a stockholder as to such Restricted Stock, including without limitation the right to vote such Restricted Stock. To the extent Shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such Shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company.

(c) *PAYMENT*. Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a Share. Restricted Stock Units shall be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Dividends paid on any Shares of Restricted Stock may be paid directly to the Participant, withheld by the Company subject to vesting of the

Restricted Shares pursuant to the terms of the applicable Award Agreement, or may be reinvested in additional Shares of Restricted Stock or in additional Restricted Stock Units, as determined by the Committee in its sole discretion.

(d) *MINIMUM VESTING REQUIREMENTS*. Notwithstanding the foregoing, (i) except as provided in Section 4(e), any Awards of Shares of Restricted Stock and/or Restricted Stock Units that are Full Value Awards and vest solely on the basis of the Participant's continued employment with or provision of service to the Company shall not provide for vesting that is any more rapid than annual pro rata vesting over a three (3) year period, and any Awards of Shares of Restricted Stock and/or Restricted Stock Units that are Full Value Awards and vest upon the attainment of performance goals (whether or not combined with other conditions) shall provide for a performance period of at least twelve (12) months; and (ii) the vesting of Awards of Shares of Restricted Stock and/or Restricted Stock Units that are Full Value Awards may only be accelerated upon (A) death, Disability, retirement or other termination of employment or service of the Participant or (B) a Change of Control.

SECTION 9. *PERFORMANCE AWARDS.*

(a) *GRANT*. The Committee shall have sole and complete authority to determine the Participants who shall receive a "Performance Award", which shall consist of a right which is (i) denominated in cash or Shares, (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

(b) *TERMS AND CONDITIONS*. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award.

(c) *PAYMENT OF PERFORMANCE AWARDS*. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with procedures established by the Committee, on a deferred basis.

(d) *MINIMUM VESTING REQUIREMENTS*. Notwithstanding the foregoing, (i) except as provided in Section 4(e), any Performance Awards that are Full Value Awards and vest upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months; and (ii) the vesting of Performance Awards that are Full Value Awards may only be accelerated upon (A) death, Disability, retirement or other termination of employment or service of the Participant or (B) a Change of Control.

SECTION 10. *OTHER STOCK-BASED AWARDS.*

(a) *GENERAL*. The Committee shall have authority to grant to Participants an "Other Stock-Based Award", which shall consist of any right which is (i) not an Award described in Sections 6 through 9 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan; provided that any such rights must comply, to the extent deemed desirable by the Committee, with Rule 16b-3 and applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award, including the price, if any, at which securities may be purchased pursuant to any Other Stock-Based Award granted under this Plan.

(b) *DIVIDEND EQUIVALENTS*. In the sole and complete discretion of the Committee, an Award, whether made as an Other Stock-Based Award under this Section 10 or as an Award granted pursuant to Sections 6 through 9 hereof, may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis; provided, that no dividend equivalents shall be payable in respect of outstanding (i) Options or Stock Appreciation Rights or (ii) unearned Performance Compensation Awards or other unearned Awards subject to performance conditions (other than or in addition to the passage of time) (although dividend equivalents may be accumulated in respect of unearned Awards and paid after such Awards are earned and become payable or distributable).

(c) *MINIMUM VESTING REQUIREMENTS*. Notwithstanding the foregoing, (i) except as provided in Section 4(e), any "Other Stock-Based Awards" that are Full Value Awards and vest solely on the basis of the Participant's continued employment with or provision of service to the Company shall not provide for vesting that is any more rapid than annual pro rata vesting over a three (3) year period, and any "Other Stock-Based Awards" that are Full Value Awards and vest upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months; and (ii) the vesting of "Other Stock-

Based Awards" that are Full Value Awards may only be accelerated for (A) death, Disability, retirement or other termination of employment or service of the Participant or (B) a Change of Control.

SECTION 11. *PERFORMANCE COMPENSATION AWARDS.*

(a) *GENERAL*. The Committee shall have the authority, at the time of grant of any Award described in Sections 6 through 10 (other than Options and Stock Appreciation Rights granted with an exercise price or strike price, as the case may be, equal to or greater than the Fair Market Value per Share on the date of grant), to designate such Award as a Performance Compensation Award in order to qualify such Award as "performance-based compensation" under Section 162(m) of the Code.

(b) *ELIGIBILITY*. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code) which Participants will be eligible to receive Performance Compensation Awards in respect of such Performance Period. However, designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Compensation Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance Compensation Award shall be decided solely in accordance with the provisions of this Section 11. Moreover, designation of a Participant eligible to receive an Award hereunder for a particular Performance Period shall not require designation of such Participant eligible to receive an Award hereunder in any subsequent Performance Period and designation of one Person as a Participant eligible to receive an Award hereunder shall not require designation of any other Person as a Participant eligible to receive an Award hereunder in such period or in any other period.

(c) *DISCRETION OF COMMITTEE WITH RESPECT TO PERFORMANCE COMPENSATION AWARDS*. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goals(s) is(are) to apply to the Company and the Performance Formula. Within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 11(c) and record the same in writing.

(d) *PAYMENT OF PERFORMANCE COMPENSATION AWARDS*

(i) *CONDITION TO RECEIPT OF PAYMENT*. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) *LIMITATION*. A Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that: (1) the Performance Goals for such period are achieved; and (2) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Award has been earned for the Performance Period.

(iii) *CERTIFICATION*. Following the completion of a Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant's Performance Compensation Award for the Performance Period and, in so doing, may apply Negative Discretion, if and when it deems appropriate.

(iv) *NEGATIVE DISCRETION*. In determining the actual size of an individual Performance Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion if, in its sole judgment, such reduction or elimination is appropriate.

(v) *TIMING OF AWARD PAYMENTS*. The Awards granted for a Performance Period shall be paid to Participants as soon as administratively possible following completion of the certifications required by this Section 11.

(vi) *MAXIMUM AWARD PAYABLE*. Notwithstanding any provision contained in this Plan to the contrary, the maximum Performance Compensation Award payable to any one Participant under the Plan for a Performance Period is

1,000,000 Shares or, in the event the Performance Compensation Award is paid in cash, the equivalent cash value thereof on the last day of the Performance Period to which such Award relates. Furthermore, any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (A) with respect to Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (B) with respect to a Performance Compensation Award that is payable in Shares, by an amount greater than the appreciation of a Share from the date such Award is deferred to the payment date.

(e) *MINIMUM VESTING REQUIREMENTS*. Notwithstanding the foregoing, (i) except as provided in Section 4(e), any Performance Compensation Awards that are Full Value Awards and vest upon the attainment of performance goals shall provide for a performance period of at least twelve (12) months; and (ii) the vesting of Performance Compensation Awards that are Full Value Awards may only be accelerated upon (A) death, Disability, retirement or other termination of employment or service of the Participant or (B) a Change of Control.

SECTION 12. *AMENDMENT AND TERMINATION.*

(a) *AMENDMENTS TO THE PLAN*. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that (a) no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan; and provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary, and (b) no material revision to the Plan shall be made without stockholder approval. A “material revision” shall include, without limitation: (i) a material increase in the number of Shares available under the Plan (other than an increase solely to reflect a reorganization, stock split, merger, spin-off or similar transaction); (ii) an expansion of the types of Awards available under the Plan; (iii) a material expansion of the class of employees, directors or other service providers eligible to participate in the Plan; (iv) a material extension of the term of the Plan; (v) a material change to the method of determining the exercise price of Options or strike price of Stock Appreciation Rights granted under the Plan; and (vi) the deletion or limitation of any provision prohibiting repricing of Options or Stock Appreciation Rights.

(b) *AMENDMENTS TO AWARDS*. The Committee may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary; and provided, further, that, without stockholder approval, except as otherwise permitted under Section 4(b), (i) no amendment or modification may reduce the exercise price of any Option or the strike price of any Stock Appreciation Right, (ii) the Committee may not cancel any outstanding Option or Stock Appreciation Right and replace it with a new Option or Stock Appreciation Right (with a lower exercise price or strike price, as the case may be) or other Award or cash in a manner which would either (A) be reportable on the Company's proxy statement as Options or Stock Appreciation Rights which have been “repriced” (as such term is used in Item 402 of Regulation S-K promulgated under the Exchange Act), or (B) cause any Option or Stock Appreciation Right to fail to qualify for equity accounting treatment and (iii) the Committee may not take any other action which is considered a “repricing” for purposes of the stockholder approval rules of any applicable stock exchange on which the securities of the Company are listed.

(c) *ADJUSTMENT OF AWARDS UPON THE OCCURRENCE OF CERTAIN UNUSUAL OR NONRECURRING EVENTS*. The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including, without limitation, the actions described in Section 4(b) hereof) in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, rules, rulings, regulations, or other requirements of any governmental body or securities exchange or inter-deal quotation system, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

(d) *FORFEITURE EVENTS*. For purposes of this Section 12(d), a “named executive officer” means a Participant who is a named executive officer of the Company (as defined for purposes of the executive compensation disclosure rules of the Exchange Act). The Committee may specify in an Award that a named executive officer's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment, in the reasonable discretion of the Committee, upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of the named executive officer's employment for cause, material violation of material written policies of the Company, or breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the named executive officer, as determined by the Committee in its reasonable discretion. In addition, with respect to an Award, if, as a result of a named executive officer's intentional misconduct or gross negligence, as determined by the Committee in its reasonable discretion, the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, the Committee may, in its reasonable discretion, require the named executive officer to promptly reimburse the Company for the amount of any payment (whether in cash, Shares, other securities or other property) previously received by the named executive officer pursuant to any Award (or otherwise forfeit to the Company any outstanding Award) that was earned or accrued (or exercised or settled) during the twelve (12) month period following the earlier of the first public issuance or filing with the United States Securities and Exchange Commission of any financial document embodying such financial reporting requirement that required such accounting restatement.

SECTION 13. *CHANGE OF CONTROL*. In the event that a Participant's employment with the Company is terminated by the Company without Cause or by the Participant for Good Reason, in each case on or within 12 months following the date of a Change of Control, any outstanding Awards then held by such affected Participant which are unexercisable or otherwise unvested shall automatically be deemed exercisable or otherwise vested, as the case may be, as of immediately prior to such termination of employment; provided, that in the event the vesting or exercisability of any Award would otherwise be subject to the achievement of performance conditions, a portion of any such Award that shall become fully vested and immediately exercisable shall be based on (a) actual performance through the date of termination as determined by the Committee or (b) if the Committee determines that measurements of actual performance cannot be reasonably assessed, the assumed achievement of target performance as determined by the Committee.

SECTION 14. *GENERAL PROVISIONS.*

(a) *NONTRANSFERABILITY.*

(i) Each Award, and each right under any Award, shall be exercisable only by the Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative.

(ii) No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(iii) Notwithstanding the foregoing, the Committee may in the applicable Award Agreement evidencing an Option granted under the Plan or at any time thereafter in an amendment to an Award Agreement provide that Options granted hereunder which are not intended to qualify as Incentive Stock Options may be transferred by the Participant to whom such Option was granted (the “Grantee”) without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan, to:

(A) the Grantee's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (collectively, the “Immediate Family”);

(B) a trust solely for the benefit of the Grantee and his or her Immediate Family; or

(C) a partnership or limited liability company whose only partners or stockholders are the Grantee and his or her Immediate Family members;

(each transferee described in clauses (A), (B) and (C) above is hereinafter referred to as a “Permitted Transferee”); PROVIDED that the Grantee gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Grantee in writing that such a transfer would comply with the requirements of the Plan and any applicable Award Agreement evidencing the option.

The terms of any option transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan or in an Award Agreement to an optionee, Grantee or Participant shall be deemed to refer to the Permitted Transferee, except that (a) Permitted Transferees shall not be entitled to transfer any Options, other than by will or the laws of descent and distribution; (b) Permitted Transferees shall not be entitled to exercise any transferred Options unless there shall be in effect a registration statement on an appropriate form covering the shares to be acquired pursuant to the exercise of such Option if the Committee determines that such a registration statement is necessary or appropriate, (c) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Grantee under the Plan or otherwise and (d) the consequences of termination of the Grantee's employment by, or services to, the Company under the terms of the Plan and applicable Award Agreement shall continue to be applied with respect to the Grantee, following which the Options shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(b) *NO RIGHTS TO AWARDS*. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

(c) *SHARE CERTIFICATES*. All certificates for Shares or other securities of the Company or any Affiliate delivered under the Plan (or, if applicable, a notice evidencing a book entry notation) pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates, as applicable, make appropriate reference to such restrictions.

(d) *WITHHOLDING*.

(i) A Participant may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Awards to defray or offset any tax arising from the grant, vesting, exercise or payments of any Award.

(ii) Without limiting the generality of clause (i) above, a Participant may satisfy, in whole or in part, the foregoing withholding liability by delivery of Shares owned by the Participant (which are not subject to any pledge or other security interest) with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Shares otherwise issuable pursuant to the exercise of the option a number of Shares with a Fair Market Value equal to such withholding liability.

(iii) Notwithstanding any provision of this Plan to the contrary, in connection with the transfer of an Option to a Permitted Transferee pursuant to Section 14(a) of the Plan, the Grantee shall remain liable for any withholding taxes required to be withheld upon the exercise of such Option by the Permitted Transferee.

(e) *409A OF THE CODE*. Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of this Plan comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with this Plan or any other plan maintained by the Company (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. Notwithstanding any provision of the Plan to the contrary and only to the extent required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code, if any Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Award that are “deferred compensation” subject to Section 409A of the Code shall be made to such Participant prior to the date that is six months after the date of Participant's “separation from service” (as defined in Section 409A of the Code) or, if earlier, Participant's date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date. With respect to any Award that is considered “deferred compensation” subject to Section 409A of the Code, references in the Plan to “termination of employment” (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. Unless otherwise provided by the Committee, in the event that the timing of payments in respect of any Award (that would otherwise be considered "deferred compensation" subject to Section 409A of the Code) would be accelerated upon the occurrence of (i) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code or (ii) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "Disability" pursuant to Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(f) *AWARD AGREEMENTS*. Each Award hereunder shall be evidenced by an Award Agreement which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including but not limited to the effect on such Award of the death, Disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Committee.

(g) *NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS*. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Stock, Shares and other types of Awards provided for hereunder (subject to stockholder approval if such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(h) *NO RIGHT TO EMPLOYMENT*. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(i) *NO RIGHTS AS STOCKHOLDER*. Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Stock hereunder, the applicable Award shall specify if and to what extent the Participant shall not be entitled to the rights of a stockholder in respect of such Restricted Stock.

(j) *GOVERNING LAW*. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of New York.

(j) *SEVERABILITY*. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(l) *OTHER LAWS*. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal securities laws.

(m) *NO TRUST OR FUND CREATED*. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(n) *NO FRACTIONAL SHARES*. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(o) *PAYMENTS TO PERSONS OTHER THAN PARTICIPANTS*. If the Committee or the senior human resource officer of the Company shall find that any Person to whom any amount is payable under the Plan is unable to care for his affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or his estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee or the senior human resource officer of the Company so directs the Company, be paid to his spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(p) *RELATIONSHIP TO OTHER BENEFITS*. No payment or benefit under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Subsidiary except as otherwise specifically provided in such other plan.

(q) *HEADINGS*. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 15. *TERM OF THE PLAN.*

(a) *EXPIRATION DATE*. No Award shall be granted under the Plan on or after the tenth anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth anniversary of the Effective Date.

(b) *SECTION 162(M) REAPPROVAL*. The provisions of the Plan regarding Performance Compensation Awards shall be disclosed and reapproved by stockholders of the Company no later than the first stockholder meeting that occurs in the fifth year following the year that stockholders previously approved such provisions, in order for Performance Compensation Awards granted after such time to be exempt from the deduction limitations of Section 162(m) of the Code. Nothing in this Section 15(b), however, shall affect the validity of Performance Compensation Awards granted after such time if such stockholder approval has not been obtained.

EXHIBIT 31.1

CERTIFICATION

I, Ralph Lauren, 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/ RALPH LAUREN

Ralph Lauren
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Date: August 8, 2013

EXHIBIT 31.2

CERTIFICATION

I, Christopher H. Peterson, 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/ CHRISTOPHER H. PETERSON

Christopher H. Peterson
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 8, 2013

EXHIBIT 32.1

Certification of Ralph Lauren 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 June 29, 2013, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ralph Lauren, 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/ RALPH LAUREN

Ralph Lauren

August 8, 2013

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.

EXHIBIT 32.2

**Certification of Ralph Lauren 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 June 29, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher H. Peterson, 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/ CHRISTOPHER H. PETERSON

Christopher H. Peterson

August 8, 2013

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.