UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED MARCH 30, 2002

OR

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

COMMISSION FILE NUMBER: 001-13057

POLO RALPH LAUREN CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	13-2622036 (IRS EMPLOYER IDENTIFICATION NO.)
650 MADISON AVENUE, NEW YORK, NEW YORK (212) 318-7000 (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	10022 (ZIP CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
CLASS A COMMON STOCK, $.01 PAR VALUE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the registrant's voting stock held by nonaffiliates of the registrant was approximately $1,029,580,287 at June 19, 2002.

At June 19, 2002 44,548,394 shares of the registrant's Class A Common Stock, $.01 par value, 43,280,021 shares of the registrant's Class B Common Stock, $.01 par value and 10,570,979 shares of the registrant's Class C Common Stock, $.01 par value, were outstanding.

PART I

ITEM 1. BUSINESS.

In this Form 10-K, references to "Polo," "ourselves," "we," "our," and "us" refer to Polo Ralph Lauren Corporation and its subsidiaries, unless the context requires otherwise. Due to the collaborative and ongoing nature of our relationships with our licensees, such licensees are referred to in this Form 10-K as "licensing partners" and the relationships between ourselves and these licensees are referred to as "licensing alliances". Notwithstanding these references, however, the legal relationship between ourselves and our licensees is not one of partnership, but of licensor and licensee.

We are a leader in the design, marketing and distribution of premium lifestyle products. For 35 years, our reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. Our brand names, which include "Polo", "Polo by Ralph Lauren", "Ralph Lauren Purple Label", "Polo Sport", "Ralph Lauren", "RALPH", "Lauren", "Polo Jeans Co.", "RL", "Chaps" and "Club Monaco", among others, constitute one of the world's most widely recognized families of consumer brands. We believe that, under the direction of Ralph Lauren, the internationally renowned designer, we have influenced the manner in which people dress and live in contemporary society, reflecting an American perspective and lifestyle uniquely associated with us and Ralph Lauren.

We combine our consumer insight and design, marketing and imaging skills to offer, along with our licensing partners, broad lifestyle product collections in four categories:

- Apparel -- Products include extensive collections of men's, women's and children's clothing;

- Home -- Ralph Lauren Home offers coordinated products for the home, including bedding and bath products, interior decor, furniture and tabletop and gift items;

- Accessories -- Accessories encompass a broad range of products such as footwear, eyewear, jewelry and leather goods, including handbags and luggage; and

- Fragrance -- Fragrance and skin care products are sold under our Glamourous, Romance, Polo, Lauren, Safari and Polo Sport brands, among others.

RECENT DEVELOPMENTS

In October 2001, we acquired PRL Fashions of Europe S.R.L. which holds licenses to sell our women's Ralph Lauren apparel in Europe, our men's and boy's Polo Ralph Lauren apparel in Italy and men's and women's Polo Jeans Co. collections in Italy. The acquisition of PRL Fashions of Europe completed our plans to directly own all of our European operations. The purchase price for the acquisition was approximately $22.0 million in cash, plus the assumption of certain liabilities, and earn-out payments based on achieving profitability targets over the first three years, with a guaranteed minimum annual payment of $3.5 million each year. We allocated the cost of acquiring PRL Fashions to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the net assets acquired resulted in goodwill of approximately $33.5 million. Consistent with SFAS No. 141, this goodwill amount is not being amortized.

In addition, in October 2001, we acquired the Ralph Lauren store in Brussels from one of our licensees.

OPERATIONS

We operate in three integrated segments: wholesale, retail and licensing. Each is driven by our guiding philosophy of style, innovation and quality.

Details of our net revenues are shown in the table below. See also Note 16 to our consolidated financial statements for fiscal 2002, fiscal 2001 and fiscal 2000 for further segment information.

	FISCAL YEAR ENDED		
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
	(IN THOUSANDS)		
Wholesale sales	$1,198,060	$1,053,842	$ 885,246
Retail sales	924,273	928,577	833,980
Net sales	2,122,333	1,982,419	1,719,226
Licensing revenue	241,374	243,355	236,302
Net revenues	$2,363,707	$2,225,774	$1,955,528

WHOLESALE

Our wholesale business is divided into two groups: Polo Brands and Collection Brands. In both these wholesale groups, we offer several discrete brand offerings. Each collection is directed by teams consisting of design, merchandising, sales and production staff who work together to conceive, develop and merchandise product groupings organized to convey a variety of design concepts.

POLO BRANDS

The Polo Brands group sources, markets and distributes products under the following brands:

POLO BY RALPH LAUREN. The Polo by Ralph Lauren menswear collection is a complete men's wardrobe consisting of products related by theme, style, color and fabric. Polo by Ralph Lauren menswear is generally priced at a range of price points within the men's premium ready-to-wear apparel market. We currently sell this collection through department stores, Ralph Lauren specialty stores and Polo Ralph Lauren store doors in the United States, including department store shop-within-shops.

BLUE LABEL. In fall 2002, we will introduce our Blue Label collection of womenswear, which will be modern interpretations of classic Ralph Lauren styles with a strong weekend focus. We plan to offer the Blue Label collection domestically through Polo Ralph Lauren stores and internationally through Polo Ralph Lauren stores and selected wholesale accounts in Europe and Asia. In Japan, our Blue Label line will be sold under the Ralph Lauren brand name.

POLO SPORT. The Polo Sport collection of men's activewear and sportswear is designed to meet the growing consumer demand for apparel for the active lifestyle. Polo Sport is offered at a range of price points generally consistent with prices for the Polo by Ralph Lauren line, and is distributed through the same channels as Polo by Ralph Lauren.

POLO GOLF. The Polo Golf collection of men's and women's golf apparel is targeted at the golf and resort markets. Price points are similar to those charged for products in the Polo Sport line. We sell the Polo Golf collection in the United States through leading golf clubs, pro shops and resorts, in addition to department, specialty and Polo Ralph Lauren stores.

RLX POLO SPORT. The RLX Polo Sport collection of menswear and womenswear consists of functional sport and outdoor apparel for running, cross-training, skiing, snowboarding and cycling. We sell RLX Polo Sport in the United States through athletic specialty stores, in addition to Polo Ralph Lauren stores, at price points competitive with those charged by other authentic sports apparel companies.

COLLECTION BRANDS

Our Collection Brands group sources, markets and distributes products under the Women's Ralph Lauren Collection and Ralph Lauren Black Label brands and the Men's Ralph Lauren/Purple Label Collection brand.

RALPH LAUREN COLLECTION AND RALPH LAUREN BLACK LABEL. The Ralph Lauren Collection expresses our up-to-the-moment fashion vision for women. Ralph Lauren Black Label includes timeless versions of our most successful Collection styles, as well as newly-designed classic signature styles. Collection and Black Label are offered for limited distribution to premier fashion retailers and through our stores. Price points are at the upper end or luxury ranges.

RALPH LAUREN/PURPLE LABEL COLLECTION. In fall 1995, we introduced our Purple Label collection of men's tailored clothing and, in fall 1997, to complement the tailored clothing line, we launched our Purple Label sportswear line. We sell the Purple Label collection through a limited number of premier fashion retailers.

DOMESTIC CUSTOMERS AND SERVICE

GENERAL. Consistent with the appeal and distinctive image of our products and brands, we sell our menswear, womenswear and home furnishings products primarily to leading upscale department stores, specialty stores and golf and pro shops located throughout the United States, which have the reputation and merchandising expertise required for the effective presentation of Polo Ralph Lauren products. See "-- Our Licensing Alliances -- Product Licensing Alliances".

Our wholesale and home furnishings products are distributed through the primary distribution channels in the United States listed in the table below. In addition, we also sell excess and out-of-season products through secondary distribution channels.

	APPROXIMATE NUMBER OF DOORS AS OF MARCH 30, 2002		
	POLO BRANDS	COLLECTION BRANDS	RALPH LAUREN HOME
Department Stores	1,982	129	1,481
Specialty Stores	558	38	25
Polo Ralph Lauren Stores	112	31	19
Golf and Pro Shops	1,993	--	--

Department stores represent the largest customer group of our wholesale group. Major department store customers of ours (together with the percentage of wholesale net sales that they represented in fiscal 2002) are:

- Federated Department Stores, Inc., which represented 17.3%,
- Dillard Department Stores, Inc., which represented 16.1%, and
- The May Department Stores Company, which represented 15.6%.

Collection Brands, Polo Brands and our Ralph Lauren Home products are primarily sold through their respective sales forces, which employ an aggregate of approximately 170 salespersons as of March 30, 2002. An independent sales representative promotes sales to U.S. military exchanges. Our Collection Brands group and Ralph Lauren Home division maintain their primary showrooms in New York City. Regional showrooms for the Polo Brands and regional sales representatives for Ralph Lauren Home are located in:

- Atlanta
- Dallas
- Chicago
- Los Angeles

SHOP-WITHIN-SHOPS. As a critical element of our distribution to department stores, we and our licensing partners utilize shop-within-shops to enhance brand recognition, to permit more complete merchandising of our lines by the department stores and to differentiate the presentation of products. Shop-within-shops fixed assets primarily include items such as customized freestanding fixtures, moveable wallcases and components, decorative items and flooring. We capitalize our share of the cost of these fixed assets and amortize them using the straight-line method over their estimated useful lives of three to five years.

During fiscal 2002, we added approximately 270 shop-within-shops and refurbished approximately 60 shop-within-shops. At March 30, 2002, in the United States we had approximately 2,600 shop-within-shops dedicated to our products and more than 3,000 shop-within-shops dedicated to our licensed products. Excluding significantly larger shop-within-shops in key department store locations, the size of our shop-within-shops typically ranges from approximately 600 to 1,500 square feet for Polo Brands, from approximately 600 to 1,000 square feet for our Collection Brands, and from approximately 300 to 900 square feet for home furnishings. In total, we estimate that approximately 2.3 million square feet of department store space in the United States is dedicated to our shop-within-shops. In addition to shop-within-shops, we use exclusively fixtured areas in department stores.

BASIC STOCK REPLENISHMENT PROGRAM. Basic products such as knit shirts, chino pants and oxford cloth shirts can be ordered at any time through our basic stock replenishment programs. For customers who reorder basic products, we generally ship these products within one to five days of order receipt. These products accounted for approximately 6.0% of our wholesale net sales fiscal 2002. We have also implemented a seasonal quick response program to allow replenishment of products which can be ordered for only a portion of each year. Some Ralph Lauren Home licensing partners also offer a basic stock replenishment program which includes towels, bedding and tabletop products. Basic stock products accounted for approximately 88% of our net sales of our Ralph Lauren Home licensing partners in fiscal 2002.

DIRECT RETAILING

We operate retail stores dedicated to the sale of our products. Located in prime retail areas, our 94 full-price stores operate under the following names:

- Ralph Lauren
- Polo Ralph Lauren
- Polo Sport
- Polo Ralph Lauren Children
- Club Monaco/Caban

Our 142 outlet stores are generally located in outlet malls and operate under the Polo Ralph Lauren outlet store, Polo Jeans Co. outlet store, Ralph Lauren Home outlet store and Club Monaco outlet names.

In addition to our own retail operations, as of March 30, 2002, we had granted licenses to independent parties to operate two stores in the United States and 100 stores internationally. We receive the proceeds from the sale of our products, which are included in wholesale net sales, to these stores and also receive royalties, which are included in licensing revenue, from our licensing partners who sell to these stores. We generally do not receive any other compensation from these licensed store operators. See "-- Our Licensing Alliances".

FULL-PRICE STORES

In addition to generating sales of our products, our full-price stores set, reinforce and capitalize on the image of our brands. We have six Ralph Lauren stores which showcase our upper end luxury styles and products and demonstrate our most refined merchandising techniques. We also operate 33 Polo Ralph Lauren stores and 55 Club Monaco stores. Ranging

in size from approximately 2,000 to over 30,000 square feet, these full-price stores are situated in upscale regional malls and major upscale street locations generally in large urban markets. Our stores are generally leased for initial periods ranging from five to 15 years with renewal options.

In fiscal 2002, we had two Polo Ralph Lauren store openings, net of closings. We also opened four new Club Monaco Stores in Cabazon, California; San Francisco, California; Lenox, Georgia and Valley Fair, California and closed four Club Monaco stores in Metrotown, British Columbia; Parklane, Nova Scotia; San Francisco, California and Yorkdale, Ontario.

OUTLET STORES

We extend our reach to additional consumer groups through our 94 Polo Ralph Lauren outlet stores, 22 Polo Jeans Co. outlet stores, 10 Club Monaco outlet stores and 16 European outlet stores.

- Polo Ralph Lauren outlet stores offer selections of our menswear, womenswear, children's apparel, accessories, home furnishings and fragrances. Ranging in size from 3,000 to 20,000 square feet, with an average of approximately 8,900 square feet, the stores are principally located in major outlet centers in 33 states and Puerto Rico.

- Polo Jeans Co. outlet stores carry all classifications within the Polo Jeans Co. line, including denim, knit and woven tops, sweaters, outerwear, casual bottoms and accessories. Polo Jeans Co. Factory stores range in size from 3,000 to 5,000 square feet, with an average of 3,750 square feet, and are principally located in major outlet centers in 12 states.

- Club Monaco outlet stores range in size from 6,000 to 18,500 square feet, with an average of 9,500 square feet, and offer basic and fashion Club Monaco items.

During fiscal 2002, we added four new outlet stores (net of store closings). Outlet stores purchase products directly from us, including our retail stores, our product licensing partners and our suppliers. Outlet stores purchase products from us generally at cost, and from our domestic product licensing partners and our retail stores at negotiated prices. Outlet stores also source basic products and styles directly from our suppliers. In fiscal 2002, our domestic outlet stores purchased approximately 15.0% of their products from us, 54.0% from our product licensing partners, and 31.0% from other suppliers of products.

OUR LICENSING ALLIANCES

Through licensing alliances, we combine our consumer insight and design, marketing and imaging skills with the specific product or geographic competencies of our licensing partners to create and build new businesses. We seek out licensing partners who typically:

- are leaders in their respective markets,

- contribute the majority of our product development costs,

- provide the operational infrastructure required to support the business, and

- own the inventory.

We grant product and international licensing partners the right to manufacture and sell at wholesale specified products under one or more of our trademarks. Our international licensing partners produce and source products independently, as well as in conjunction with us and our product licensing partners. As compensation for our contributions under these agreements, each licensing partner pays us royalties based upon its sales of our products, subject generally, to payment of a minimum royalty. Other than our Ralph Lauren Home collection licenses, these payments generally range from five to eight percent of the licensing partners' sales of the

licensed products. In addition, licensing partners are required to allocate between approximately two and four percent of their sales to advertise our products. Larger allocations are required in connection with launches of new products or in new territories.

We work closely with our licensing partners to ensure that products are developed, marketed and distributed to address the intended market opportunity and present consistently to consumers worldwide the distinctive perspective and lifestyle associated with our brands. Virtually all aspects of the design, production quality, packaging, merchandising, distribution, advertising and promotion of Polo Ralph Lauren products are subject to our prior approval and continuing oversight. The result is a consistent identity for Polo Ralph Lauren products across product categories and international markets.

We had 16 product, 11 home collection and 12 international licensing partners as of March 30, 2002. We derive a substantial portion of our net income from the licensing revenue we receive from our licensing partners. Our largest licensing partners in fiscal 2002 by licensing revenue were:

- Jones Apparel Group, Inc. accounting for 26.9%,

- WestPoint Stevens, Inc. accounting for 14.2%, and

- Seibu Department Stores, Ltd. accounting for 11.6%.

PRODUCT LICENSING ALLIANCES

As of March 30, 2002, we had agreements with 16 product licensing partners relating to our men's and women's sportswear, men's tailored clothing, children's apparel, personalwear, accessories and fragrances. The products offered by our product licensing partners are listed below.

LICENSING PARTNER	LICENSED PRODUCT CATEGORY
Jones Apparel Group, Inc.	Women's Lauren and Ralph Sportswear
L'Oreal S.A./Cosmair, Inc.	Men's and Women's Fragrances and Skin Care Products
Sun Apparel, Inc. (a subsidiary of Jones Apparel Group, Inc.)	Men's and Women's Polo Jeans Co. Casual Apparel and Sportswear
Corneliani S.p.A.	Men's Polo Tailored Clothing
Peerless Inc.	Men's Chaps and Lauren Tailored Clothing
S. Schwab Company, Inc.	Children's Apparel
Sara Lee Corporation	Men's and Children's Personal Wear Apparel
Ralph Lauren Footwear, Inc. (a subsidiary of Reebok International Ltd.)	Men's and Women's Dress, Casual and Performance Athletic Footwear
Wathne, Inc.	Handbags and Luggage
Hot Sox, Inc.	Men's, Women's and Boys' Hosiery
New Campaign, Inc.	Belts and other Small Leather Goods
Echo Scarves, Inc.	Scarves and Gloves for Men and Women
Carolee, Inc.	Jewelry
Safilo USA, Inc.	Eyewear
The Warnaco Group, Inc.	Men's Chaps Sportswear
Authentic Fitness Products, Inc. (a subsidiary of Warnaco, Inc.)	Women's & Girls' Swimwear

RALPH LAUREN HOME

Together with our licensing partners, we offer an extensive collection of home products which draw upon, and add to, the design themes of our other product lines, contributing to our complete lifestyle concept. Products are sold under the Ralph Lauren Home brands in three primary categories:

- bedding and bath,

- home decor, and

- home improvement.

In addition to designing and developing the creative concepts and products for Ralph Lauren Home, we manage the marketing and distribution of our brands, and in some cases, the sales of our products for our licensees. Together with our eight domestic and three international home product licensing partners, representatives of our design, merchandising, product development and sales staffs collaborate to conceive, develop and merchandise the various products as a complete home furnishing collection. Our personnel market and sell the products to domestic customers and certain international accounts. In general, our licensing partners manufacture, own the inventory and ship the products.

We perform a broader range of services for our Ralph Lauren Home licensing partners, as compared to our other licensing partners, including marketing and sales. As a result, we receive a higher royalty rate from our Ralph Lauren Home collection licensing partners, typically ranging from 15% to 20%. Our Ralph Lauren Home licensing alliances generally have three to five year terms and often grant the licensee conditional renewal options. The services we perform are:

- sales	- operating showrooms
- marketing	- incurring advertising expenses

Ralph Lauren Home products are positioned at the upper tiers of their respective markets and are offered at a range of price levels. These are generally distributed through several channels of distribution, including:

- department stores	- customer direct mail catalogs
- specialty home furnishings stores	- home centers
- interior design showrooms	- the Internet

As with our other products, our use of shop-within-shops is central to our distribution strategy. Certain licensing partners, including those selling furniture, wall coverings, blankets, bed pillows, tabletop, flatware, home fragrance and paint, also sell their products directly through their own staffs to reach additional customer markets.

The Ralph Lauren Home products offered by us and our domestic licensing partners are:

CATEGORY	PRODUCT	LICENSING PARTNER
Bedding and Bath....	Sheets, bedding accessories, towels and shower curtains, blankets, down comforters, other decorative bedding and accessories	WestPoint Stevens, Inc.
	Bath rugs	Lacey Mills
Home Decor..........	Fabric and wallpaper	P. Kaufmann, Inc.
	Furniture	Henredon Furniture Industries, Inc.
	Flatware and frames	Reed and Barton Corporation
	Table linens, placemats, tablecloths, napkins	Brownstone
Home Improvement....	Interior and exterior paints and stains	ICI/Glidden Company
	Broadloom carpets and area rugs	Karastan, a division of Mohawk Carpet Corporation

WestPoint Stevens, Inc. accounted for approximately 64% of Ralph Lauren Home licensing revenue in fiscal 2002.

INTERNATIONAL LICENSING ALLIANCES

We believe that international markets offer additional opportunities for our quintessential American designs and lifestyle image. We are committed to the global development of our businesses. International expansion opportunities may include:

- the roll out of new products and brands following their launch in the U.S.,

- the introduction of additional product lines,

- the entrance into new international markets, and

- the addition of Ralph Lauren or Polo Ralph Lauren stores in these markets.

We work with our 12 international licensing partners to facilitate this international expansion. International licensing partners also operate stores, which at March 30, 2002, included 56 Polo Ralph Lauren stores, 3 Polo Sport stores, 19 Polo Jeans Co. stores, 13 Polo outlet stores, 2 Children's stores and 7 Ralph Lauren stores.

Our international licensing partners acquire the right to source, produce, market and/or sell some or all of our products in a given geographical area. Economic arrangements are similar to those of our domestic product licensing partners. We design licensed products either alone or in collaboration with our domestic licensing partners. Domestic licensees generally provide international licensing partners with product or patterns, piece goods, manufacturing locations and other information and assistance necessary to achieve product uniformity, for which they are often compensated.

Seibu Department Stores, Ltd. (which oversees distribution of virtually all of our products in Japan), and L'Oreal S.A. (which distributes fragrances and toiletries outside of the United States) accounted for approximately 51% and 11% of international licensing revenue in fiscal 2002, respectively.

Our ability to maintain and increase royalties under foreign licenses is dependent upon certain factors not within our control, including:

- fluctuating currency rates,

- currency controls,

- withholding requirements levied on royalty payments,

- governmental restrictions on royalty rates,

- political instability, and

- local market conditions.

See "Risk Factors -- Risks Related to Our Business -- Our business is exposed to domestic and foreign currency fluctuations" and "Risk Factors -- Risks Related to Our Business -- Our business is subject to risks associated with importing products".

DESIGN

Our products reflect a timeless and innovative American style associated with and defined by Polo and Ralph Lauren. Our consistent emphasis on innovative and distinctive design has been an important contributor to the prominence, strength and reputation of the Polo Ralph Lauren brands.

We form design teams around our brands and product categories to develop concepts, themes and products for each of our businesses. These teams work in close collaboration with merchandising, sales and production staff and licensing partners in order to gain market and other input.

All Polo Ralph Lauren products are designed by, or under the direction of, Ralph Lauren and our design staff, which is divided into five departments:

- Menswear
- Accessories

- Womenswear - Home

- Children's

Club Monaco's design staff is located in New York and is divided into three teams:

- Menswear

- Womenswear

- Home

We operate a research and development facility in Greensboro, North Carolina, a testing lab in Singapore and pattern rooms in New York, New Jersey and Singapore.

MARKETING

Our marketing program communicates the themes and images of the Polo Ralph Lauren brands and is an integral feature of our product offering. Worldwide marketing is managed on a centralized basis through our advertising and public relations departments in order to ensure consistency of presentation.

We create the distinctive image advertising for all our Polo Ralph Lauren products, conveying the particular message of each brand within the context of our core themes. Advertisements generally portray a lifestyle rather than a specific item and often include a variety of Polo Ralph Lauren products offered by both ourselves and our licensing partners. Our primary advertising

medium is print, with multiple page advertisements appearing regularly in a range of fashion, lifestyle and general interest magazines. Major print advertising campaigns are conducted during the fall and spring retail seasons with additions throughout the year to coincide with product deliveries. In addition to print, some product categories utilize television and outdoor media in their marketing programs. Specifically, RL Media has run television commercials to promote Polo.com. We believe the commercials develop brand awareness and provide traffic to our many businesses.

Our licensing partners typically spend between two and four percent of their sales of our products for advertising. We directly coordinate advertising placement for domestic product licensing partners. Together with our licensing partners we collectively spent more than $209 million worldwide to advertise and promote Polo Ralph Lauren products in fiscal 2002.

We conduct a variety of public relations activities. Each of our spring and fall womenswear collections are presented at major fashion shows in New York, which typically generate extensive domestic and international media coverage. We introduce each of the spring and fall menswear collections at presentations organized for the fashion press. In addition, we organize in-store appearances by our models and sponsors, professional golfers, snowboarders, triathletes and sports teams.

SOURCING, PRODUCTION AND QUALITY

Over 360 different manufacturers worldwide produce our apparel products. We source finished products and piece goods. Piece goods include fabric, buttons and similar raw materials and are sourced primarily with respect to our Collection Brands. Finished products consist of manufactured and fully assembled products ready for shipment to our customers. We contract for the manufacture of our products and do not own or operate any production facilities of our own. As part of our efforts to reduce costs and enhance the efficiency of our sourcing process, we have shifted a substantial portion of our sourcing to foreign suppliers. In fiscal 2002, approximately 11%, by dollar volume, of our products were produced in the U.S. and its territories; and approximately 89% by dollar volume were produced in Hong Kong, Canada and other foreign countries. See "Risk Factors -- Risks Related to Our Business -- Our business is subject to risks associated with importing products".

Two manufacturers engaged by us each accounted for approximately 11% and 8%

of our total production during fiscal 2002. The primary production facilities of these two manufacturers are located in Asia. Two other manufacturers each accounted for approximately 6% and 4% of our total production in fiscal 2002.

Production is divided broadly into two segments:

- FOB Purchasing -- purchases of finished products, where the supplier is responsible for the purchasing and carrying of raw materials, and

- CMT Purchasing -- cut, make and trim, purchasing, where we are responsible for purchasing and moving raw materials to finished product assemblers located around the world.

We must commit to manufacture the majority of our garments before we receive customer orders. We also must commit to purchase fabric from mills well in advance of our sales. If we overestimate the demand for a particular product which we cannot sell to our primary customers, we may use the excess for distribution in our outlet stores or sell the product through secondary distribution channels. If we overestimate the need for a particular fabric or yarn, that fabric or yarn can be used in garments made for subsequent seasons or made into past season's styles for distribution in our outlet stores.

We have been working closely with suppliers in recent years to reduce lead times to maximize fulfillment (e.g., shipment) of orders and to permit re-orders of successful programs. In particular, we have increased the number of deliveries within certain brands each season so that merchandise is kept fresh at the retail level.

Suppliers operate under the close supervision of our product management department in the United States. In the Far East, our suppliers are supervised by our wholly owned subsidiary, which performs buying agent functions for us and third parties. All garments are produced according to our specifications. Production and quality control staff in the United States and in the Far East monitor manufacturing at supplier facilities in order to correct problems prior to shipment of the final product. Procedures have been implemented under our vendor certification program, so that quality assurance is focused upon as early as possible in the production process, allowing merchandise to be received at the distribution facilities and shipped to customers with minimal interruption.

We retain independent buying agents in Europe and South America to assist us in selecting and overseeing independent third-party manufacturers, sourcing fabric and other products and materials, monitoring quota and other trade regulations, as well as performing some quality control functions.

COMPETITION

Competition is strong in the segments of the fashion and consumer product industries in which we operate. We compete with numerous designers and manufacturers of apparel and accessories, fragrances and home furnishing products, domestic and foreign, including Liz Claiborne, Inc., Nautica Enterprises, Inc., Jones Apparel Group, Inc., Tommy Hilfiger Corporation, Calvin Klein, Inc. and Giorgio Armani Spa in the branded apparel market sector, and Gucci Group N.V. and LVMH Moet Hennessy Louis Vuitton. Some of our competitors may be significantly larger and have substantially greater resources than us. We compete primarily on the basis of fashion, quality, and service, which depend on our ability to:

- shape and stimulate consumer tastes and preferences by producing innovative, attractive and exciting products, brands and marketing,

- anticipate and respond to changing consumer demands in a timely manner,

- maintain favorable brand recognition,

- develop and produce high quality products that appeal to consumers,

- appropriately price our products,

- provide strong and effective marketing support,

- ensure product availability, and

- obtain sufficient retail floor space and effectively present our products at retail.

See "Risk Factors -- Risks Relating to the Industry in Which we Compete -- We face intense competition in the worldwide apparel industry".

DISTRIBUTION

To facilitate distribution, men's products are shipped from manufacturers to our distribution center in Greensboro, North Carolina for inspection, sorting, packing and shipment to retail customers. Our distribution/customer service facility is designed to allow for high density cube storage, and utilizes bar code technology to provide inventory management and carton controls. Product traffic management is coordinated from this facility. Distribution of our women's product was provided by a "pick and pack" facility under a warehousing distribution agreement with an

unaffiliated third party. This agreement provides that the warehouse distributor will perform storage, quality control and shipping services for us. In return, we pay the warehouse distributor a per unit rate and special processing charges for services such as ticketing, bagging and steaming. The initial term of this agreement was through December 1, 2001 and since has been renewed.

Outlet store distribution and warehousing is principally handled through the Greensboro distribution center. Our full-price store distribution is provided by the facility in Greensboro, North Carolina and a facility in New Jersey which services our stores in New York City and East Hampton, New York.

Club Monaco utilizes third party distribution facilities in Mississauga, Ontario and Los Angeles, California. Our licensing partners are responsible for the distribution of licensed products.

We continually evaluate the adequacy of our warehousing and distribution facilities.

MANAGEMENT INFORMATION SYSTEM

We design our management information systems to make the marketing, manufacturing, importing and distribution functions of our business operate more efficient by providing, among other things:

- comprehensive order processing,

- production information,

- accounting information, and

- management information, for the marketing, manufacturing, importing and distribution functions of our business.

We have installed sophisticated point-of-sale registers in our stores and outlet stores that enable us to track inventory from store receipt to final sale on a real-time basis. We believe our merchandising and financial system, coupled with our point-of-sale registers and software programs, allow for rapid stock replenishment, concise merchandise planning and real-time inventory accounting practices.

We also utilize an electronic data interchange, or EDI, system to facilitate the processing of replenishment and fashion orders from our wholesale customers, the movement of goods through distribution channels, and the collection of information for planning and forecasting. We have EDI relationships with customers who represent a significant majority of our wholesale business, and we are working to expand our EDI capabilities to include most of our suppliers.

CREDIT CONTROL

We manage our own credit and collection functions. We sell our merchandise primarily to major department stores across the United States and extend credit based on an evaluation of the customer's financial condition, usually without requiring collateral. We monitor credit levels and the financial condition of our customers on a continuing basis to minimize credit risk. We do not factor our accounts receivables or maintain credit insurance to manage the risks of bad debts. Our bad debt write-offs were $2.5 million in fiscal 2002, representing 1% of net revenues. See "Risk Factors -- Risks Related to Our Business -- Our business could be negatively impacted by the financial stability of our customers".

BACKLOG

We generally receive wholesale orders for apparel products approximately three to five months prior to the time the products are delivered to stores. All such orders are subject to

cancellation for late delivery. As of March 30, 2002, our summer and fall backlog was $147.8 million and $285.1 million respectively, as compared to $164.9 million and $355.6 million, respectively for summer and fall at March 31, 2001. Our backlog depends upon a number of factors, including the timing of the market weeks for our particular lines, during which a significant percentage of our orders are received, and the timing of shipments. As a consequence, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual shipments. Aside from the above factors, the backlog for spring and summer 2002 was less than the backlog for the same periods of 2001, primarily due to the discontinuance of the women's Polo Sport line, effective summer 2002, and the elimination of the men's Lauren collection for all items other than ties, partially offset by an overall increase in summer orders in Europe. In addition, fiscal 2002 reflects the change in the fiscal year end of certain of our European subsidiaries as reported in our consolidated financial statements. See Consolidation of European Entities -- Change in Reporting Period.

TRADEMARKS

We own the "Polo", "Ralph Lauren" and the famous polo player astride a horse trademarks in the United States. Other trademarks we own include, among others:

- "Chaps"
- "Polo Sport"
- "Lauren/Ralph Lauren"
- "RALPH"
- "RRL"
- "Club Monaco"
- various trademarks pertaining to fragrances and cosmetics

In acquiring the "RRL" trademarks, we agreed to allow Mr. Lauren to retain the royalty-free right to use as trademarks "Ralph Lauren," "Double RL" and "RRL" in perpetuity in connection with, among other things, beef and living animals. The trademarks "Double RL" and "RRL" are currently used by the Double RL Company, an entity wholly owned by Mr. Lauren. In addition, Mr. Lauren has the right to engage in personal projects involving film or theatrical productions (not including or relating to our business) through RRL Productions, Inc., a company wholly owned by Mr. Lauren.

Our trademarks are the subjects of registrations and pending applications throughout the world for use on a variety of items of apparel, apparel-related products, home furnishings and beauty products, as well as in connection with retail services, and we continue to expand our worldwide usage and registration of related trademarks. In general, trademarks remain valid and enforceable as long as the marks are used in connection with the products and services and the required registration renewals are filed. We regard the license to use the trademarks and our other proprietary rights in and to the trademarks as valuable assets in marketing our products and, on a worldwide basis, vigorously seek to protect them against infringement. See "-- Legal Proceedings". As a result of the appeal of our trademarks, our products have been the object of counterfeiting. We have a broad enforcement program which has been generally effective in controlling the sale of counterfeit products in the United States and in major markets abroad.

In markets outside of the United States, our rights to some or all of our trademarks may not be clearly established. In the course of our international expansion, we have experienced conflicts with various third parties which have acquired ownership rights in certain trademarks, including "Polo" and/or a representation of a polo player astride a horse, which would have impeded our use and registration of our principal trademarks. While such conflicts are common and may arise again from time to time as we continue our international expansion, we have successfully resolved such conflicts in the past through both legal action and negotiated settlements with third-party owners of the conflicting marks. See "Risk Factors -- Risks Related

to Our Business -- Our trademarks and other intellectual property rights may not be adequately protected outside the United States."

Two agreements by which we resolved conflicts with third-party owners of other trademarks currently impose restrictions or monetary obligations on us. In one, we reached an agreement with a third party which owned competing registrations in numerous European and South American countries for the trademark "Polo" and a symbol of a polo player astride a horse. By virtue of the agreement, we have acquired that third party's portfolio of trademark registrations in exchange for the payment of our royalties in Central America and South America and parts of the Caribbean solely in respect of our use of trademarks which include "Polo" and the polo player symbol, and not, for example, "Ralph Lauren" alone, "Lauren/Ralph Lauren", "RRL", and others. This obligation to share royalties with respect to Central and South America and parts of the Caribbean expires in 2013, but we also have the right to terminate this obligation at any time by paying $3.0 million.

The second agreement was reached with a third party which owned conflicting registrations of the trademarks "Polo" and a polo player astride a horse in the United Kingdom, Hong Kong and South Africa. Under the agreement, the third party retains the right to use the "Polo" and polo player symbol marks in South Africa and all other countries that comprise Sub-Saharan Africa, and we agreed to restrict use of those Polo marks in those countries to fragrances and cosmetics solely as part of the composite trademark "Ralph Lauren" and the polo player symbol, as to which our use is unlimited, and to the use of the polo player symbol mark on women's and girls' apparel and accessories and women's and girl's handkerchiefs. By agreeing to those restrictions, we secured the unlimited right to use our trademarks in the United Kingdom and Hong Kong without payment of any kind, and the third party is prohibited from distributing products under those trademarks in those countries.

GOVERNMENT REGULATION

Our import operations are subject to constraints imposed by bilateral textile agreements between the United States and a number of foreign countries. These agreements, which have been negotiated bilaterally either under the framework established by the Arrangement Regarding International Trade in Textiles, known as the "Multifiber Agreement," or other applicable statutes, impose quotas on the amounts and types of merchandise which may be imported into the United States from these countries. These agreements also allow the signatories to adjust the quantity of imports for categories of merchandise that, under the terms of the agreements, are not currently subject to specific limits. Our imported products are also subject to U.S. customs duties which comprise a material portion of the cost of the merchandise. See "Risk Factors -- Risks Related To Our Business -- Our business is subject to risks associated with importing products".

Apparel products are subject to regulation by the Federal Trade Commission in the United States. Regulations relate principally to the labeling of our products. We believe that we are in substantial compliance with these regulations, as well as applicable federal, state, local, and foreign rules and regulations governing the discharge of materials hazardous to the environment. We do not estimate any significant capital expenditures for environmental control matters either in the current year or expected in the near future. Our licensed products and licensing partners are also subject to regulation. Our agreements require our licensing partners to operate in compliance with all laws and regulations, and we are not aware of any violations which could reasonably be expected to have a material adverse effect on our business.

Although we have not in the past suffered any material inhibition from doing business in desirable markets in the past, we cannot assure you that significant impediments will not arise in the future as we expand product offerings and additional trademarks to new markets.

EMPLOYEES

As of March 30, 2002, we had approximately 10,100 employees, consisting of approximately 7,500 in the United States and approximately 2,600 in foreign countries. Approximately 34 of our United States production and distribution employees in the womenswear business are members of the Union of Needletrades, Industrial & Textile Employees under an industry association collective bargaining agreement, which our womenswear subsidiary has adopted. We consider our relations with both our union and non-union employees to be good.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements in this Form 10-K or incorporated by reference into this Form 10-K, in future filings by us with the SEC, in our press releases and in oral statements made by or with the approval of authorized personnel 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 any future results, performance or achievements expressed or implied by such forward-looking statements. Some of the factors that could affect our financial performance or cause actual results to differ from our estimates in, or underlying, such forward-looking statements are set forth under the heading of "Risk Factors". Forward-looking statements include statements regarding, among other items:

- our anticipated growth strategies,
- our intention to introduce new products and enter into new licensing alliances,
- our plans to open new retail stores,
- anticipated effective tax rates in future years,
- future expenditures for capital projects,
- our ability to continue to maintain our brand image and reputation,
- our ability to continue to initiate cost cutting efforts and improve profitability,
- our plans to expand internationally, and
- our efforts to improve the efficiency of our distribution system.

These forward-looking statements are based largely on our expectations and are subject to a number of risks and uncertainties, many of which are beyond our control. Actual results could differ materially from these forward-looking statements as a result of the facts described in "Risk Factors" including, among others, changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors, changes in the economy, and other events leading to a reduction in discretionary consumer spending. 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 light of these risks and uncertainties, we cannot assure you that the forward-looking information contained in this Form 10-K will in fact transpire.

RISK FACTORS

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report. Any of the following risks

could materially adversely affect our business, our operating results, our financial condition and the actual outcome of matters as to which forward-looking statements are made in this Report.

RISKS RELATED TO OUR BUSINESS

THE LOSS OF THE SERVICES OF MR. RALPH LAUREN OR OTHER KEY PERSONNEL COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

Mr. Ralph Lauren's leadership in the design, marketing and operational areas has been a critical element of our success. The loss of his services, or any negative market or industry perception arising from his loss, could have a material adverse effect on our business. Our other executive officers have substantial experience and expertise in our business and have made significant contributions to our growth and success. The unexpected loss of services of one or more of these individuals could also adversely affect us. We are currently not protected by a material amount of key-man or similar life insurance covering Mr. Lauren or any of our other executive officers. We have entered into employment agreements with Mr. Lauren and several other of our executive officers.

A SUBSTANTIAL PORTION OF OUR NET SALES AND GROSS PROFIT IS DERIVED FROM A SMALL NUMBER OF LARGE CUSTOMERS.

Several of our department store customers, including some under common ownership, account for significant portions of our wholesale net sales. We believe that a substantial portion of sales of our licensed products by our domestic licensing partners, including sales made by our sales force of Ralph Lauren Home products, are also made to our largest department store customers. Our ten largest customers accounted for approximately 77.7% of our wholesale net sales during fiscal 2002.

We do not enter into long-term agreements with any of our customers. Instead, we enter into a number of purchase order commitments with our customers for each of our lines every season. A decision by the controlling owner of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from us or our licensing partners, or to change their manner of doing business with us or our licensing partners, could have a material adverse effect on our financial condition and results of operations. See "Business -- Operations -- Domestic Customers and Service".

OUR BUSINESS COULD BE NEGATIVELY IMPACTED BY THE FINANCIAL INSTABILITY OF OUR CUSTOMERS.

We sell our merchandise primarily to major department stores across the United States and extend credit based on an evaluation of each customer's financial condition, usually without requiring collateral. However, the financial difficulties of a customer could cause us to curtail business with that customer. We may also assume more credit risk relating to that customer's receivables. We had three customers, Dillard Department Stores, Inc., Federated Department Stores, Inc. and The May Department Stores Company, which in aggregate constituted 35% of trade accounts receivable outstanding at March 30, 2002 and 52.0% at March 31, 2001. Our inability to collect on our trade accounts receivable from any one of these customers could have a material adverse effect on our business or financial condition. See "Business -- Credit Control".

OUR BUSINESS COULD SUFFER AS A RESULT OF A MANUFACTURER'S INABILITY TO PRODUCE OUR GOODS ON TIME AND TO OUR SPECIFICATIONS.

We do not own or operate any manufacturing facilities and therefore depend upon independent third parties for the manufacture of all of our products. Our products are

manufactured to our specifications by both domestic and international manufacturers. During fiscal 2002, approximately 11%, by dollar value, of our men's and women's products were manufactured in the United States and approximately 89%, by dollar value, of these products were manufactured in Hong Kong and other foreign countries. The inability of a manufacturer to ship orders of our products in a timely manner or to meet our quality standards could cause us to miss the delivery date requirements of our customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect on our financial condition and results of operations.

OUR BUSINESS COULD SUFFER IF WE NEED TO REPLACE MANUFACTURERS.

We compete with other companies for the production capacity of our manufacturers and import quota capacity. Some of these competitors have greater financial and other resources than we have, and thus may have an advantage in the competition for production and import quota capacity. If we experience a significant increase in demand, or if an existing manufacturer of ours must be replaced, we may have to expand our third-party manufacturing capacity. We cannot assure you that this additional capacity will be available when required on terms that are acceptable to us. See "Business -- Sourcing, Production and Quality". We enter into a number of purchase order commitments each season specifying a time for delivery, method of payment, design and quality specifications and other standard industry provisions, but do not have long-term contracts with any manufacturer. None of the manufacturers we use produces our products exclusively.

IF A MANUFACTURER OF OURS FAILS TO USE ACCEPTABLE LABOR PRACTICES, OUR BUSINESS COULD SUFFER.

Two of the manufacturers engaged by us accounted for approximately 11% and 8% of our total production during fiscal 2002. The primary production facilities of these two manufacturers are located in Asia. Two other manufacturers each accounted for 6% and 4% in fiscal 2002. We require our licensing partners and independent manufacturers to operate in compliance with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our staff periodically visits and monitors the operations of our independent manufacturers, we do not control these manufacturers or their labor practices. The violation of labor or other laws by an independent manufacturer of ours, or by one of our licensing partners, or the divergence of an independent manufacturer's or licensing partner's labor practices from those generally accepted as ethical in the United States, could interrupt, or otherwise disrupt the shipment of finished products to us or damage our reputation. Any of these, in turn, could have a material adverse effect on our financial condition and results of operations.

WE ARE DEPENDENT UPON THE REVENUE GENERATED BY OUR LICENSING ALLIANCES.

Approximately 42.7% of our income from operations for fiscal 2002 was derived from licensing revenue received from our licensing partners. Approximately 52.8% of our licensing revenue for fiscal 2002 was derived from three licensing partners:

- Jones Apparel Group, Inc. accounted for 26.9%,

- Westpoint Steven's, Inc. accounted for 14.2%, and

- Seibu Department Stores, Ltd. accounted for 11.6%.

We had no other licensing partner which accounted for more than 10.0% of our licensing revenue in fiscal 2002 or fiscal 2001. The interruption of the business of any one of our material licensing partners due to any of the factors discussed immediately below could also adversely affect our licensing revenues and net income.

WE RELY ON OUR LICENSING PARTNERS TO PRESERVE THE VALUE OF OUR LICENSES.

The risks associated with our own products also apply to our licensed products in addition to any number of possible risks specific to a licensing partner's business, including, for example, risks associated with a particular licensing partner's ability to:

- obtain capital,

- manage its labor relations,

- maintain relationships with its suppliers,

- manage its credit risk effectively, and

- maintain relationships with its customers.

Although some of our license agreements prohibit licensing partners from entering into licensing arrangements with our competitors, generally our licensing partners are not precluded from offering, under other brands, the types of products covered by their license agreements with us. A substantial portion of sales of our products by our domestic licensing partners are also made to our largest customers. While we have significant control over our licensing partners' products and advertising, we rely on our licensing partners for, among other things, operational and financial control over their businesses.

FAILURE TO MAINTAIN LICENSING PARTNERS COULD HARM OUR BUSINESS.

Although we believe in most circumstances we could replace existing licensing partners if necessary, our inability to do so for any period of time could adversely affect our revenues, both directly from reduced licensing revenue received and indirectly from reduced sales of our other products. See "Business -- Operations -- Our Licensing Alliances".

OUR BUSINESS IS SUBJECT TO RISKS ASSOCIATED WITH IMPORTING PRODUCTS.

As of March 30, 2002, we source a significant portion of our products outside the United States through arrangements with 288 foreign manufacturers in 35 different countries. Approximately 89%, by dollar volume, of our products were produced in Hong Kong, Canada and other foreign countries in fiscal 2002. Risks inherent in importing our products include:

- quotas imposed by bilateral textile agreements,

- changes in social, political and economic conditions which could result in the disruption of trade from the countries in which our manufacturers or suppliers are located,

- the imposition of additional regulations relating to imports,

- the imposition of additional duties, taxes and other charges on imports,

- significant fluctuations of the value of the dollar against foreign currencies, and

- restrictions on the transfer of funds.

Any one of these factors could have a material adverse effect on our financial condition and results of operations. See "Business -- Sourcing, Production and Quality".

OUR TRADEMARKS AND OTHER INTELLECTUAL PROPERTY RIGHTS MAY NOT BE ADEQUATELY PROTECTED OUTSIDE THE UNITED STATES.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position. We devote substantial resources to the establishment and protection of our trademarks on a worldwide basis. In the course of our international expansion, we have, however, experienced conflict with various third parties that have acquired or claimed

ownership rights in certain trademarks that include Polo and/or a representation of a polo player astride a horse, or otherwise have contested our rights to our trademarks. We have in the past successfully resolved these conflicts through both legal action and negotiated settlements, none of which, we believe, has had a material impact on our financial condition and results of operations. Nevertheless, we cannot assure you that the actions we have taken to establish and protect our trademarks and other proprietary rights will be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as a violation of the trademarks and proprietary rights of others. Also, we cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of ours or that we will be able to successfully resolve these types of conflicts to our satisfaction. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States. See "Business -- Trademarks".

WE CANNOT ASSURE THE SUCCESSFUL IMPLEMENTATION OF OUR GROWTH STRATEGY.

As part of our growth strategy, we seek to extend our brands, expand our geographic coverage, increase direct management of Polo Ralph Lauren brands by opening more of our own stores, strategically acquiring select licensees and enhancing our operations. Implementation of our strategy involves the continued expansion of our business in Europe and other international areas. We may have difficulty hiring and retaining qualified key employees or otherwise successfully managing the required expansion of our infrastructure in Europe. In addition, Europe, as a whole, lacks the large wholesale distribution channels found in the United States, and we may have difficulty developing successful distribution strategies and alliances in each of the major European countries.

Implementation of our strategy also involves the continued expansion of our network of retail stores, both in the United States and abroad. There can be no assurance that we will be able to purchase or lease desirable store locations or renew existing store leases on acceptable terms. Furthermore, we cannot assure you that we will be able to successfully integrate the business of any licensee that we acquire into our own business or achieve any expected cost savings or synergies from such integration.

OUR BUSINESS IS EXPOSED TO DOMESTIC AND FOREIGN CURRENCY FLUCTUATIONS.

We generally purchase our products in U.S. dollars. However, we source most of our products overseas and, as such, the cost of these products may be affected by changes in the value of the relevant currencies. Furthermore, our international licensing revenue generally is derived from sales in foreign currencies, including the Japanese yen and the Euro, and this revenue could be materially affected by currency fluctuations. Approximately 22.9% of our licensing revenue was received from international licensing partners in fiscal 2002. Changes in currency exchange rates may also affect the relative prices at which we and our foreign competitors sell products in the same market. Although we hedge some exposures to changes in foreign currency exchange rates arising in the ordinary course of business, we cannot assure you that foreign currency fluctuations will not have a material adverse impact on our financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

OUR ABILITY TO CONDUCT BUSINESS IN INTERNATIONAL MARKETS MAY BE AFFECTED BY LEGAL, REGULATORY, POLITICAL AND ECONOMIC RISKS.

Our ability to capitalize on growth in new international markets and to maintain the current level of operations in our existing international markets is subject to risks associated with international operations. These include:

- the burdens of complying with a variety of foreign laws and regulations,

- unexpected changes in regulatory requirements, and

- new tariffs or other barriers to some international markets.

We are also subject to general political and economic risks in connection with our international operations, including:

- political instability,

- changes in diplomatic and trade relationships, and

- general economic fluctuations in specific countries or markets.

We cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the United States, the European Union, Japan, or other countries upon the import or export of our products in the future, or what effect any of these actions would have on our business, financial condition or results of operations. Changes in regulatory, geopolitical policies and other factors may adversely affect our business in the future or may require us to modify our current business practices.

RISKS RELATING TO THE INDUSTRY IN WHICH WE COMPETE

WE FACE INTENSE COMPETITION IN THE WORLDWIDE APPAREL INDUSTRY.

We face a variety of competitive challenges from other domestic and foreign fashion-oriented apparel and casual apparel producers, some of which may be significantly larger and more diversified and have greater financial and marketing resources than we have. We compete with these companies primarily on the basis of:

- anticipating and responding to changing consumer demands in a timely manner,

- maintaining favorable brand recognition,

- developing innovative, high-quality products in sizes, colors and styles that appeal to consumers,

- appropriately pricing products,

- providing strong and effective marketing support,

- creating an acceptable value proposition for retail customers,

- ensuring product availability and optimizing supply chain efficiencies with manufacturers and retailers, and

- obtaining sufficient retail floor space and effective presentation of our products at retail.

We also face competition from companies selling apparel and home products through the Internet. Increased competition in the worldwide apparel, accessories and home product industries, including Internet-based competitors, could reduce our sales, prices, and margins and adversely affect our results of operations.

THE SUCCESS OF OUR BUSINESS DEPENDS ON OUR ABILITY TO RESPOND TO CONSTANTLY CHANGING FASHION TRENDS AND CONSUMER DEMANDS.

Our success depends in large part on our ability to originate and define fashion product and home product trends, as well as to anticipate, gauge and react to changing consumer demands in a timely manner. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to rapid change. We cannot assure you that we will be able to continue to develop appealing styles or successfully meet constantly changing consumer demands in the future. In addition, we cannot assure you that any new products or brands that we introduce will be successfully received by consumers. Any failure on our part to anticipate, identify and respond effectively to changing consumer demands and fashion trends could adversely affect retail and consumer acceptance of our products and leave us with a substantial amount of unsold inventory or missed opportunities. If that occurs, we may be forced to rely on markdowns or promotional sales to dispose of excess, slow-moving inventory, which may harm our business. At the same time, our focus on tight management of inventory may result, from time to time, in our not having an adequate supply of products to meet consumer demand and cause us to lose sales. See "Business -- Sourcing, Production and Quality".

A DOWNTURN IN THE ECONOMY MAY AFFECT CONSUMER PURCHASES OF DISCRETIONARY ITEMS AND LUXURY RETAIL PRODUCTS, WHICH COULD ADVERSELY AFFECT OUR SALES.

The industries in which we operate are cyclical. Many factors affect the level of consumer spending in the apparel, cosmetic, fragrance and home products industries, including, among others:

- general business conditions,

- interest rates,

- the availability of consumer credit,

- taxation, and

- consumer confidence in future economic conditions.

Consumer purchases of discretionary items and luxury retail products, including our products, may decline during recessionary periods and also may decline at other times when disposable income is lower. A downturn in the economies in which we, or our licensing partners, sell our products, whether in the United States or abroad, may adversely affect our sales. The terrorist attacks of September 11, 2001, together with already weakening economic conditions, have and may continue to adversely affect consumer spending and sales of our products.

OUR BUSINESS COULD SUFFER AS A RESULT OF CONSOLIDATIONS, RESTRUCTURINGS AND OTHER OWNERSHIP CHANGES IN THE RETAIL INDUSTRY.

In recent years, the retail industry has experienced consolidation and other ownership changes. Some of our customers have operated under the protection of the federal bankruptcy laws. In June 2001, one of our licensing partners, The Warnaco Group, Inc., filed for bankruptcy protection under the federal bankruptcy laws. We cannot determine what impact, if any, this filing will have on our financial condition, results of operations or cash flows. In the future, retailers in the United States and in foreign markets may undergo changes that could decrease the number

of stores that carry our products or increase the ownership concentration within the retail industry, including:

- consolidating their operations,

- undergoing restructurings,

- undergoing reorganizations, or

- realigning their affiliations.

While to date these changes in the retail industry have not had a material adverse effect on our business or financial condition, our business could be materially affected by these changes in the future.

ITEM 2. PROPERTIES

We do not own any real property except for our distribution facility in Greensboro, North Carolina, and a parcel of land adjacent to the facility, and a Polo Ralph Lauren store in Southhampton, New York. Certain information concerning our principal facilities in excess of 100,000 rentable square feet and of our existing retail stores of 20,000 rentable square feet or more, all of which are leased, is as follows:

LOCATION	USE	APPROXIMATE SQ. FT.	CURRENT LEASE TERM EXPIRATION
650 Madison Avenue, NYC......	Executive, corporate office and design studio, Polo Brand showrooms	206,000	December 31, 2009
Lyndhurst, N.J..............	Corporate and retail administrative offices	162,000	February 28, 2008
750 North Michigan Avenue, Chicago, IL...............	Direct retail and restaurant	36,000	November 15, 2017
867 Madison Avenue, NYC......	Direct retail	27,000	December 31, 2004
1-5 New Bond Street, London....................	Direct retail and corporate and retail administrative offices	29,000	July 4, 2021
1950 Northern Boulevard, Manhasset, NY.............	Direct retail	27,000	January 31, 2009
1970 Northern Boulevard, Manhasset, NY.............	Direct retail	21,000	September 30, 2011
160 Fifth Avenue, NYC........	Direct retail	27,080	July 31, 2009
2604 Sawgrass Mills Circle, Sawgrass, FL..............	Direct retail	20,000	August 31, 2005
777 Saint Catherine Street West Montreal, P.Q.	Direct retail	20,969	January 31, 2016

Prior to its expiration, we expect to renew our lease at 867 Madison Avenue for an additional 10 years. The leases for our non-retail facilities (approximately 56 in all) provide for aggregate annual rentals of approximately $20.8 million in fiscal 2002. We anticipate that we will be able to extend those leases which expire in the near future on terms satisfactory to us or, if necessary, locate substitute facilities on acceptable terms.

As of March 30, 2002, we operated 39 Polo Ralph Lauren stores, 94 Polo Ralph Lauren outlet stores, 22 Polo Jeans Co. outlet stores and 55 Club Monaco full price stores, 10 Club Monaco outlet stores and 16 European outlet stores on leased premises. Aggregate annual rentals for retail space in fiscal 2002 totaled approximately $62.4 million. We anticipate that we

will be able to extend those leases which expire in the near future on satisfactory terms, or relocate to more desirable locations.

In March, 2002, the Company recorded $2.9 million of gain on the sale of our 50% joint venture interest in a 44,000 square foot building located in the SoHo district of New York City.

ITEM 3. LEGAL PROCEEDINGS

In January 1999, two actions were filed in California naming as defendants more than a dozen United States-based companies that source apparel garments from Saipan (Commonwealth of the Northern Mariana Islands) and a large number of Saipan-based factories. The actions assert that the Saipan factories engage in unlawful practices relating to the recruitment and employment of foreign workers, and that the apparel companies, by virtue of their alleged relationships with the factories, have violated various Federal and state laws.

One action, filed in California Superior Court in San Francisco by a union and three public interest groups, alleges unfair competition and false advertising and seeks equitable relief, unspecified amounts for restitution and disgorgement of profits, interest and an award of attorneys' fees. The second, filed in Federal court for the Central District of California and subsequently transferred first to the United States District Court for the District of Hawaii and then to the United States District Court in Saipan, was brought on behalf of a purported class consisting of the Saipan factory workers. It alleges claims under the Federal civil RICO statute, Federal peonage and involuntary servitude laws, the Alien Tort Claims Act, and state tort law, and seeks equitable relief and unspecified damages, including treble and punitive damages, interest and an award of attorney's fees.

Although we were not named as a defendant in these suits, we source products in Saipan, and counsel for the plaintiffs in these actions informed us that we are a potential defendant in these or similar actions. Together with some other potential defendants, we entered into an agreement to settle any claims for nonmaterial consideration. The settlement agreement is subject to court approval.

As part of the settlement, we were named as a defendant, along with certain other apparel companies, in a State Court action in California styled Union of Needletrades Industrial and Textile Employees, et al. v. Brylane, L.P., et al., in the San Francisco County Superior Court, and in a Federal Court action styled Doe I. et al. v. Brylane, L.P., et al. in the United States District Court for the District of Hawaii, that mirrors portions of the larger State and Federal Court actions but does not include RICO and certain of the other claims alleged in those actions. The California action was subsequently dismissed as part of the settlement, and the federal court action was transferred to the United States District Court in Saipan. The newly filed federal action against us is expected to remain inactive unless settlement is not finally approved by the Federal Court. On May 10, 2002, the Federal Court in Saipan certified the plaintiff class and granted preliminary approval of the settlement agreement. A hearing on final approval is expected to be held after notice of the settlement is sent to potential settlement class members. Certain non-settling defendants have filed a petition with the United States Court of Appeals for the Ninth Circuit for permission to appeal the class certification. We have denied any liability and are not in a position to evaluate the likelihood of a favorable or unfavorable outcome if the final approval of the settlement is not received and litigation proceeds.

On October 1, 1999, we filed a lawsuit against the United States Polo Association Inc., Jordache, Ltd. and certain other entities affiliated with them, alleging that the defendants were infringing on our famous trademarks. This lawsuit continues to proceed as both sides are awaiting the court's decision on various motions. In connection with this lawsuit, on July 19, 2001, the United States Polo Association and Jordache filed a lawsuit against us in the United States District Court for the Southern District of New York. This suit, which is effectively a counterclaim by them in connection with the original trademark action, asserts claims related to

our actions in connection with our pursuit of claims against the United States Polo Association and Jordache for trademark infringement and other unlawful conduct. Their claims stem from our contacts with the United States Polo Association's and Jordache's retailers in which we informed these retailers of our position in the original trademark action. The United States Polo Association and Jordache seek $50 million in compensatory damages and $50 million in punitive damages from us. This new suit has been consolidated with the original trademark action for purposes of discovery and trial. We believe that the United States Polo Association's and Jordache's claims are substantially without merit and intend to pursue our claims and defend against those of the United States Polo Association and Jordache vigorously.

We are otherwise involved from time to time in legal claims involving trademark and intellectual property, licensing, employee relations and other matters incidental to our business. We believe that the resolution of any such matter currently pending will not have a material adverse effect on our financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended March 30, 2002.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Our Class A common stock commenced trading on the NYSE under the symbol "RL" on June 11, 1997. Prior to that date, there was no public market for our Class A common stock. The following table sets forth, for the periods indicated, the high and low closing prices per share for our Class A common stock for each quarterly period indicated through March 30, 2002 as reported on the NYSE Composite Tape. Since our initial public offering, we have not declared any cash dividends on our common stock other than dividends declared in fiscal 1998 of $27.4 million that were paid to holders of Class B common stock and Class C common stock in connection with our reorganization and the initial public offering.

	MARKET PRICE OF CLASS A COMMON STOCK	
	HIGH	LOW
FISCAL 2002:		
First Quarter	$30.98	$22.95
Second Quarter	26.44	18.41
Third Quarter	27.94	18.56
Fourth Quarter	29.66	25.59
FISCAL 2001:		
First Quarter	$20.31	$13.25
Second Quarter	19.94	15.56
Third Quarter	23.19	16.13
Fourth Quarter	30.45	22.44

We anticipate that all of our earnings in the foreseeable future will be retained to finance the continued growth and expansion of our business and we have no current intention to pay cash dividends on our common stock.

As of June 19, 2002, there were 1,270 holders of record of our Class A common stock, five holders of record of our Class B common stock and five holders of record of our Class C common stock.

The following table sets forth certain information as of March 30, 2002 with respect to compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance:

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON THE EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN(A))
Equity Compensation Plans Approved by Security Holders:			
1997 Long-Term Stock Incentive Plan..	9,348,573	$22.13	8,824,798(1)
1997 Non-Employee Director Stock Option Plan......................	105,666	$24.01	390,250
Equity Compensation Plans Not Approved by Security Holders:			
--	--	--	--

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(1) Excludes 170,587 outstanding shares of restricted stock granted under our 1997 Long-Term Stock Incentive Plan that remain subject to forfeiture.

ITEM 6. SELECTED FINANCIAL DATA

The table below provides selected consolidated financial data for the five fiscal years in the period ended March 30, 2002. We derived the income statement data for the three fiscal years in the period ended March 30, 2002 and the balance sheet data as of March 30, 2002 and March 31, 2001 from our consolidated financial statements and accompanying notes, included elsewhere in this Form 10-K, which were audited by Deloitte & Touche LLP, independent auditors. We derived the data for the two fiscal years in the period ended April 3, 1999 from the audited consolidated financial statements and accompanying notes of Polo Ralph Lauren Corporation and subsidiaries contained in our annual report on Form 10-K for the years ended April 3, 1999 and March 28, 1998 which are not included in this Form 10-K. You should read this selected consolidated financial data together with our consolidated financial statements and the notes to those financial statements as well as the discussion under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K.

	FISCAL YEAR ENDED				
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)				
STATEMENT OF INCOME:					
Net sales............................	$ 2,122,333	$ 1,982,419	$ 1,719,226	$ 1,518,850	$1,313,425
Licensing revenue....................	241,374	243,355	236,302	208,009	167,119
Net revenues.........................	2,363,707	2,225,774	1,955,528	1,726,859	1,480,544
Cost of goods sold...................	1,216,904	1,162,727	1,002,390	904,586	759,988
Gross profit.........................	1,146,803	1,063,047	953,138	822,273	720,556
Selling, general and administrative expenses...........................	837,591	822,272	689,227	608,128	520,801
Restructuring charge.................	16,000	123,554	--	58,560	--
Income from operations..............	293,212	117,221	263,911	155,585	199,755
Foreign currency gains...............	1,820	5,846	--		
Interest expense.....................	(19,033)	(25,113)	(15,025)	(2,759)	(159)
Income before income taxes and change in accounting principle...........	275,999	97,954	248,886	152,826	199,596
Provision for income taxes...........	103,499	38,692	101,422	62,276	52,025
Income before change in accounting principle..........................	172,500	59,262	147,464	90,550	147,571
Cumulative effect of change in					

Accounting principle, net of taxes	--	--	3,967	--	--
Net income	$ 172,500	$ 59,262	$ 143,497	$ 90,550	$ 147,571
Income per share before change in accounting principle -- Basic	$ 1.77	$ 0.61	$ 1.49	$ 0.91	
Cumulative effect of change in accounting principle, net per share	--	--	0.04	--	
Net income per share -- Basic	$ 1.77	$ 0.61	$ 1.45	$ 0.91	
Income per share before change in accounting principle -- Diluted	$ 1.75	$ 0.61	$ 1.49	$ 0.91	
Cumulative effect of change in accounting principle, net per share	--	--	0.04	--	
Net income per share -- Diluted	$ 1.75	$ 0.61	$ 1.45	$ 0.91	
Weighted-average common shares outstanding -- Basic	97,470,342	96,773,282	98,926,993	99,813,328	
Weighted-average common shares outstanding -- Diluted	98,522,718	97,446,482	99,035,781	99,972,152	

	FISCAL YEAR ENDED				
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)				
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 238,774	$ 102,219	$ 164,571	$ 44,458	$ 58,755
Working capital	616,286	462,144	446,663	331,482	354,206
Inventories	349,818	425,594	390,953	376,860	298,485
Total assets	1,749,497	1,626,093	1,620,562	1,104,584	825,130
Total debt	318,402	383,100	428,838	159,717	337
Stockholders' equity	998,195	809,309	772,437	658,905	584,326

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is a summary and should be read together with our consolidated financial statements and related notes which are included in this Annual Report and the information under the caption "Risk Factors". We use a 52-53 week fiscal year ending on the Saturday nearest March 31. Fiscal 2002, fiscal 2001 and fiscal 2000 each reflect a 52-week period.

OVERVIEW

We began operations in 1968 as a designer and marketer of premium quality men's clothing and sportswear. Since our inception, we have grown through increased sales of existing product lines, the introduction of new brands and products, expansion into international markets, development of our retail operations, and acquisitions. Over the last five full fiscal years, our net revenues have grown to approximately $2.4 billion in fiscal 2002, from approximately $1.5 billion in fiscal 1998, while income from operations, excluding restructuring charges, has grown to approximately $309.2 million in fiscal 2002, from approximately $199.8 million in fiscal 1998. Our net revenues are generated from our three integrated operations: wholesale, retail and licensing. The following table sets forth net revenues for the last five fiscal years. Fiscal 2002 reflects the change in the fiscal year end of certain of our European subsidiaries as reported in our consolidated financial statements. See Consolidation of European Entities -- Change in Reporting Period.

	FISCAL YEAR ENDED				
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
			(IN THOUSANDS)		
Wholesale sales........	$1,198,060	$1,053,842	$ 885,246	$ 859,498	$ 742,674
Retail sales...........	924,273	928,577	833,980	659,352	570,751
Net sales..............	2,122,333	1,982,419	1,719,226	1,518,850	1,313,425
Licensing revenue......	241,374	243,355	236,302	208,009	167,119
Net revenues...........	$2,363,707	$2,225,774	$1,955,528	$1,726,859	$1,480,544

Wholesale net sales result from the sale of our men's and women's apparel to wholesale customers, principally to major department stores, specialty stores and non-company operated Polo Ralph Lauren stores located primarily in Europe and Asia. Net sales for the wholesale division increased to $1.2 billion in fiscal 2002 from $742.7 million in fiscal 1998. This increase was primarily a result of growth in sales of our existing Polo Brands' and Collection Brands' products and the introduction of new brands. The increase also reflects the acquisition of the wholesale operations of Poloco S.A.S., including some of its affiliates, and PRL Fashions of Europe S.R.L. in January 2000 and October 2001, respectively.

We generate retail sales from our full-price Polo Ralph Lauren stores, outlet stores and Club Monaco stores. Net sales for the retail division grew to $924.3 million in fiscal 2002 from

$570.8 million in fiscal 1998. This increase was primarily a result of our expansion of our existing retail operations and growth through acquisitions, including the Poloco transaction and our acquisition of Club Monaco in fiscal 2000. Retail sales were essentially flat from fiscal 2001 to fiscal 2002 due to the highly competitive and promotionally driven retail store environment. At March 30, 2002, we operated 236 stores: six Ralph Lauren stores, 33 Polo Ralph Lauren stores, 55 Club Monaco full-price stores, 94 Polo outlet stores, 22 Polo Jeans Co. outlet stores, 16 European outlet stores and ten Club Monaco outlet stores.

Licensing revenue consists of royalties paid to us under our agreements with our licensing partners. Product, international and Ralph Lauren Home licensing alliances accounted for 51.9%, 25.9% and 22.2% of total licensing revenue in fiscal 2002 and 56.0%, 24.2% and 19.8% of total licensing revenue in fiscal 2001. Through these alliances, we combine our core skills with the product or geographic competencies of our licensing partners to create and develop specific businesses. The growth of existing and development of new businesses under licensing alliances have resulted in an increase in licensing revenue to $241.4 million in fiscal 2002 from $167.1 million in fiscal 1998.

Beginning in fiscal 2000, we have undertaken the following:

- In October 2001, we acquired PRL Fashions of Europe S.R.L., which holds licenses to sell our women's Ralph Lauren apparel in Europe, as well as our men's and boys' Polo Ralph Lauren and our Polo Jeans Co. apparel in Italy.

- In October 2001, we acquired the Ralph Lauren store in Brussels from one of our licensees.

- In February 2000, we announced the formation of Ralph Lauren Media, LLC, a joint venture between ourselves and National Broadcasting Company, Inc. and certain of its affiliated companies. RL Media, in which we have a 50% interest, operates the Polo.com website, which sells Polo Ralph Lauren products. NBC has provided television commercial spots promoting Polo.com, and we provide inventory to RL Media at cost.

- In January 2000, we completed the acquisition of stock and selected assets of Poloco S.A.S. and some of its affiliates, which hold licenses to sell our men's and boys' Polo apparel, our men's and women's Polo

Jeans apparel, and some of our accessories in Europe. In addition to acquiring Poloco's wholesale business, we acquired one Polo Ralph Lauren store in Paris and six outlet stores located in France, the United Kingdom and Austria.

- In 1999, we acquired Club Monaco, Inc. Founded in 1985, Club Monaco is an international specialty retailer of casual apparel and other accessories which are sold under the "Club Monaco" brand name and associated trademarks.

In connection with our growth strategies, we plan to introduce new products and brands and expand our retail operations. Implementation of these strategies may require significant investments for advertising, furniture and fixtures, infrastructure, design and additional inventory. Notwithstanding our investment, we cannot assure you that our growth strategies will be successful.

RESTRUCTURINGS AND SPECIAL CHARGES

FISCAL 2001 RESTRUCTURING AND SPECIAL CHARGES

During fiscal 2001, we completed an internal operational review and formalized our plans to enhance the growth of our worldwide luxury retail business, to better manage inventory and increase our overall profitability. The major initiatives of the operational review included:

- refining our retail strategy;

- developing efficiencies in our supply chain; and

- consolidating corporate business functions and internal processes.

We will continue to refine our retail strategy by, among other things, expanding the presence of our full-line luxury stores, both in North America and abroad. In connection with this initiative, we closed all 12 Polo Jeans Co. full-price retail stores, which were underperforming, and 11 underperforming Club Monaco retail stores.

Additionally, as a result of changes in market conditions combined with our change in retail strategy in selected locations in which we operate full-price retail stores, we performed an evaluation of the recoverability of the assets of certain of these stores. We concluded from the results of this evaluation that a significant permanent impairment of long-lived assets had occurred. Accordingly, we recorded a write down of these assets (primarily leasehold improvements) to their estimated fair value based on discounted future cash flows.

In connection with the implementation of the operational review discussed above, we recorded a pre-tax restructuring charge of $128.6 million in our second quarter of fiscal 2001, subsequently adjusted for a $5.0 million reduction of liabilities in the fourth quarter of fiscal 2001. The major components of the charge were asset write downs of $98.8 million, lease and contract termination costs of $15.7 million, severance and termination benefits of $8.0 million and other restructuring costs of $1.1 million. In the fourth quarter of fiscal 2002, we recorded an additional $16.0 million of lease termination costs associated with the closure of our retail stores due to market factors that were less favorable than originally estimated.

The development of operating efficiencies in our worldwide logistics and supply chain management will better support our growing and increasingly global operations. In connection with initiating this aspect of the Operational Plan, we recorded $37.9 million of inventory write downs in our second quarter of fiscal year 2001 associated with our planned acceleration in the reduction of aged inventory, subsequently adjusted for additional write downs of inventory of $3.6 million in the fourth quarter of fiscal 2001.

The implementation of our operational review also included the consolidation of some corporate strategic business functions and internal processes. Costs associated with this aspect of the plan included the termination of operating contracts, streamlining of some corporate and operating functions, and employee-related matters. These costs aggregated $18.1 million and were recorded in selling, general and administrative expenses in fiscal 2001.

Total severance and termination benefits resulting from the Operational Plan related to approximately 550 employees, all of whom have been terminated. Total cash outlays related to the operational review are expected to be approximately $40.7 million, $25.7 million of which had been paid through March 30, 2002. We completed the implementation of our operational review in fiscal 2002 and expect to settle the remaining liabilities in fiscal 2003.

FISCAL 1999 RESTRUCTURING

During the fourth quarter of fiscal 1999, we formalized our plans to streamline operations within our wholesale and retail operations and reduce our overall cost structure. The major initiatives of our restructuring plan included:

- an evaluation of our retail operations and site locations;

- the realignment and operational integration of our wholesale operating units; and

- the realignment and consolidation of corporate strategic business functions and internal processes.

Costs associated with our restructuring plan included lease and contract termination costs, store fixed assets (primarily leasehold improvements) and intangible asset write downs and severance and termination benefits. In fiscal 2000, we closed three Polo Ralph Lauren stores and three outlet stores that were not performing at an acceptable level and converted two Polo Ralph Lauren stores and five outlet stores to new concepts expected to be more productive.

Our wholesale operations were realigned into two new operating units: Polo Brands and Collection Brands. Aspects of this realignment included:

- the reorganization of the sales force and retail development areas;

- the streamlining of the design and development process; and

- the consolidation of the customer service departments.

We also integrated the sourcing and production of our Polo Brands, outlet store and licensees' products into one consolidated unit. Costs associated with the wholesale realignment consisted primarily of severance and termination benefits and lease and contract termination costs.

Our review of our corporate business functions and internal processes resulted in a new management structure designed to better align businesses with similar functions and to identify and eliminate duplicative processes. Costs associated with the corporate realignment consisted primarily of severance and termination benefits and lease and contract termination costs.

We recorded a restructuring charge of $58.6 million on a pre-tax basis in our fourth quarter of fiscal 1999. The major components of the restructuring charge included lease and contract termination costs of $24.7 million, asset write downs of $17.8 million, severance and termination benefits of $15.3 million and other restructuring costs of $0.8 million. Total severance and termination benefits as a result of our restructuring plan related to approximately 280 employees, all of whom have been terminated. Total cash outlays related to the Restructuring Plan are approximately $39.5 million, $36.8 million of which have been paid through March 30, 2002. We completed the implementation of the Restructuring Plan in fiscal 2000 and expect to settle the remaining liabilities in accordance with contract terms which extend until fiscal 2003.

RESULTS OF OPERATIONS

The table below sets forth the percentage relationship to net revenues of certain items in our consolidated statements of income for our last three fiscal years:

	FISCAL YEAR ENDED		
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
Net sales	89.8%	89.1%	87.9%
Licensing revenue	10.2	10.9	12.1
Net revenues	100.0	100.0	100.0
Gross profit	48.5	47.8	48.7
Selling, general and administrative expenses	35.4	36.9	35.2
Restructuring and special charges	0.7	5.6	--
Income from operations	12.4	5.3	13.5
Foreign currency gains	0.1	0.2	--
Interest expense	(0.8)	(1.1)	(0.8)
Income before income taxes	11.7%	4.4%	12.7%

CONSOLIDATION OF EUROPEAN ENTITIES -- CHANGE IN REPORTING PERIOD

Effective December 30, 2001, for reporting purposes the Company changed the fiscal year ends of certain of its European subsidiaries as reported in the consolidated financial statements to the Saturday closest to March 31 to conform with the fiscal year end of the Company. Previously, certain of the European subsidiaries were consolidated and reported on a three-month lag with a fiscal year ending December 31. Accordingly, the net activity for the three-month period ended December 29, 2001, for the European subsidiaries that were reported on a three-month lag is reflected as an adjustment to retained earnings in the accompanying financial statements. The following represents summarized results for those European operations for the three-month period ended December 29, 2001 (in millions):

THREE-MONTHS ENDED DECEMBER 29, 2001:	
Net sales	$49.5
Gross profit	25.5
Pre-tax loss	(0.7)
Income tax benefit	0.3
Net loss	(0.4)

The following represents summarized consolidated results for the year ended March 30, 2002 as if the European subsidiaries continued reporting on a three-month lag basis:

FISCAL YEAR ENDED MARCH 30, 2002:	
Wholesale net sales	$1,118.5
Retail net sales	927.4
Net sales	2,045.9
Licensing revenue	241.0
Net revenues	2,286.9
Gross profit	1,105.8
Pre-tax income	255.5
Income tax provision	95.8
Net income	$ 159.7

FISCAL 2002 COMPARED TO FISCAL 2001

NET SALES. Net sales increased 7.1% to $2.1 billion in fiscal 2002 from $2.0 billion in fiscal 2001. Wholesale net sales increased 13.7% to $1.2 billion in fiscal 2002 from $1.1 billion in fiscal 2001. Wholesale growth primarily reflects the benefit from the inclusion of two strong quarters for the periods January through March 2002 and 2001 for certain of the European entities. See Consolidation of European Entities -- Change in Reporting Period. The impact of consolidating the European subsidiaries on a March 30 fiscal year resulted in an increase in Wholesale revenues of approximately $80.0 million, 7.1%.

Retail sales decreased by less than 1.0 % to $924.3 million in fiscal 2002 from $928.6 million in fiscal 2001. Our Polo Ralph Lauren full-price stores decreased $14.3 million and our Club Monaco stores decreased $8.4 million due to the effects of a promotionally driven and highly competitive retail store environment and the current economic conditions exacerbated by the events of September 11th. Also contributing to the decrease was the closing, in connection with our Operational Plan, of our Polo Jeans Co. full-price retail stores during fiscal 2001, which had sales of $18.0 million during fiscal 2001. These decreases were offset by significant increases in our outlet business of approximately $29.8 million. The impact of consolidating the European subsidiaries on a March 30 fiscal year resulted in a decrease in retail revenues of approximately $3.0 million, less than 1%. See Consolidation of European Entities -- Change in Reporting Period.

Comparable store sales, which represent net sales of stores open in both reporting periods for the full portion of such periods, decreased 3.0%. The comparable store declines were due to the effects of a promotionally driven and highly competitive retail environment. At March 30, 2002, we operated 236 stores: six Ralph Lauren stores, 33 Polo Ralph Lauren stores, 55 Club Monaco full-price stores, 94 Polo outlet stores, 22 Polo Jeans Co. outlet stores, 16 European outlet stores and ten Club Monaco outlet stores.

LICENSING REVENUE. Licensing revenue decreased approximately $2.0 million, representing less than a 1% decrease, to $241.4 million in fiscal 2002 to $243.4 million in fiscal 2001. Increases from one licensee within our home collection business and from our international licensed business, particularly in Asia, were offset by decreased royalty revenue from a significant product licensee and decreased royalties from our Italian licensee, the business and certain assets of which we acquired in October 2001. The impact of consolidating the European subsidiaries on a March 30 fiscal year increased licensing revenues by approximately $0.4 million, less than 1%. See Consolidation of European Entities -- Change in Reporting Period.

GROSS PROFIT. Gross profit as a percentage of net revenues increased to 48.5% in fiscal 2002 from 47.8% in fiscal 2002. This increase was mainly attributable to wholesale gross margins in that $41.5 million of inventory write downs were recorded in fiscal 2001 in connection with the implementation of our operational review and our decision to accelerate the disposition of aged inventory. In addition, retail gross margins decreased 1.4% due to the effects of a promotionally driven and highly competitive retail store environment, resulting in higher markdowns taken. The impact of consolidating the European subsidiaries on a March 30 fiscal year increased gross profit by approximately $41 million, representing less than 4% of total gross profit and less than 0.2 gross percentage points. See Consolidation of European Entities -- Change in Reporting Period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses as a percentage of net revenues decreased to 35.4% in fiscal 2002 from 36.9% in fiscal 2001. This decrease in selling, general and administrative expenses as a percentage of net revenues was primarily due to a charge of $18.1 million recorded in the second quarter of fiscal 2001 relating to nonrecurring charges associated with targeted opportunities for improvement, including the termination of operating contracts, streamlining of certain corporate and operating functions, and employee-related matters. In addition, the Company has recorded $2.9 million of gain on the sale of our 50% joint venture interest in a 44,000 square foot building located in the

SoHo district of New York City. The impact of consolidating the European subsidiaries on a March 30 fiscal year increased selling, general and administrative expenses by approximately $20 million, less than 3%. See Consolidation of European Entities -- Change in Reporting Period.

INTEREST EXPENSE. Interest expense decreased to $19.0 million in fiscal 2002 from $25.1 million in fiscal 2001. This decrease was due to lower levels of borrowings and the repayment of approximately $53 million of short-term borrowings during the fiscal year. In addition, we repurchased $10.6 million of our outstanding Euro debt in fiscal 2002.

INCOME TAXES. The effective tax rate decreased to 37.5% in fiscal 2002 from 39.5% in fiscal 2001, resulting from the implementation of tax strategies.

FISCAL 2001 COMPARED TO FISCAL 2000

NET SALES. Net sales increased 15.3% to $2.0 billion in fiscal 2001 from $1.7 billion in fiscal 2000. Wholesale net sales increased 19.0% to $1.1 billion in fiscal 2001 from $885.2 million in fiscal 2000. Wholesale growth primarily reflected the benefit of one year of operations for Poloco's wholesale division included in operating results for the first time in fiscal 2001, resulting in an additional $153.0 million in sales and an approximately 100% increase in unit sales of our luxury products.

Retail sales increased by 11.3% to $928.6 million in fiscal 2001 from $834.0 million in fiscal 2000. This increase was primarily attributable to a $131.7 million benefit from the following:

- new stores opened in fiscal 2001 (37 stores, prior to 34 store closures in late fiscal 2001) with additional sales of $52.4 million;

- a full year of revenues from new stores opened in fiscal 2000 of $40.7 million; and

- the inclusion of the results of one Ralph Lauren and six outlet stores purchased in connection with the acquisition of Poloco with sales of $38.6 million.

Although our stores remained highly productive, comparable store sales decreased by 5.3%. The decline was due to a mature and promotionally driven outlet environment and lower sales in Club Monaco's Canadian stores.

LICENSING REVENUE. Licensing revenue increased 3.0% to $243.4 million in fiscal 2001 from $236.3 million in fiscal 2000. This increase is primarily attributable to increases in sales of existing men's, women's, and children's apparel, accessories and fragrance products. These gains, which resulted in $12.0 million in additional revenue, were partially offset by decreases in sales of Ralph Lauren Home collection products, which resulted in $5.0 million less revenue.

GROSS PROFIT. Gross profit as a percentage of net revenues decreased to 47.8% in fiscal 2001 from 48.7% in fiscal 2000. This decrease was mainly attributable to $41.5 million of inventory write downs recorded in fiscal 2001 in connection with the implementation of our operational review and our decision to accelerate the disposition of aged inventory. Excluding these special charges, gross profit as a percentage of net revenues was 49.6%. This improvement reflects increased wholesale gross margins as a result of the acquisition of Poloco, which generates more than 30% higher margins than our domestic wholesale operations. Additionally, gross profit was favorably impacted by the increase in licensing revenue in fiscal 2001 of $7.1 million, which has no associated cost of goods sold. These improvements were offset by declines in our retail gross margins of 1.5 percentage points as we incurred higher markdowns in fiscal 2001.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses as a percentage of net revenues increased to 36.9% in fiscal 2001 from 35.2% in fiscal 2000. This increase in selling, general and administrative expenses as a percentage of net revenues was partially due to a charge of $18.1 million recorded in the second quarter of fiscal 2001 relating to

nonrecurring charges associated with targeted opportunities for improvement, including the termination of operating contracts, streamlining of certain corporate and operating functions, and employee-related matters. Additionally, selling, general and administrative expenses as a percentage of net revenues increased due to an increase in depreciation and amortization expense of $12.0 million, start-up costs associated with the expansion of the Club Monaco retail operations of $8.6 million and expenses of $2.3 million relating to Poloco, which was acquired in the fourth quarter of fiscal 2000.

INTEREST EXPENSE. Interest expense increased to $25.1 million in fiscal 2001 from $15.0 million in fiscal 2000. This increase was due to a higher level of borrowings during the period attributable to the additional financing used for the acquisition of Poloco.

INCOME TAXES. The effective tax rate decreased to 39.5% in fiscal 2001 from 40.8% in fiscal 2000. This decline is primarily a result of the benefit of tax strategies implemented by us.

LIQUIDITY AND CAPITAL RESOURCES

Our cash requirements primarily derive from working capital needs, construction and renovation of shop-within-shops, retail expansion and other corporate activities. Our main sources of liquidity are cash flows from operations, credit facilities and other borrowings.

Net cash provided by operating activities increased to $293.8 million in fiscal 2002 from $100.3 million in fiscal 2001. Net cash provided by operations was positively impacted in fiscal 2002 by increased net income, decreased inventory levels and the collection of the income tax receivable related to fiscal 2001 and negatively impacted by increased accounts receivable.

Net cash used in investing activities decreased to $116.0 million in fiscal 2002 from $131.3 million in fiscal 2001. The decrease primarily resulted from decreased capital expenditures during the year.

Net cash used by financing activities was $40.3 million in fiscal 2002 as compared to $25.9 million in fiscal 2001. This change is primarily due to the repayment of short-term borrowings offset, in part, by the proceeds received in connection with the exercise of stock options.

In June 1997, we entered into a credit facility with a syndicate of banks which provides for a $225.0 million revolving line of credit available for the issuance of letters of credit, acceptances and direct borrowings and matures on December 31, 2002. Borrowings under the syndicated bank credit facility bear interest, at our option, at a base rate equal to the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of one percent, and the prime commercial lending rate of The Chase Manhattan Bank in effect from time to time, or at the Eurodollar Rate (LIBOR) plus an interest margin based on the Federal Reserve Board's "Eurocurrency Liabilities" reserve requirements. The margin was 0.875% as of March 30, 2002.

In March 1999, in connection with our acquisition of Club Monaco, we entered into a $100.0 million senior credit facility with a syndicate of banks consisting of a $20.0 million revolving line of credit and an $80.0 million term loan. The revolving line of credit is available for working capital needs and general corporate purposes and matures on June 30, 2003. The term loan was used to finance the acquisition of all of the outstanding common stock of Club Monaco and to repay indebtedness of Club Monaco. The term loan is also repayable on June 30, 2003. Borrowings under the 1999 syndicated bank credit facility bear interest, at our option, at a base rate equal to the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of one percent, and the prime commercial lending rate of The Chase Manhattan Bank in effect from time to time, or at the Eurodollar Rate (LIBOR) plus an interest margin based on the Federal Reserve Board's "Eurocurrency Liabilities" reserve requirements. The margin was 0.875% as of March 30, 2002. In April 1999, we entered into interest rate swap agreements with a notional amount of $100.0 million to convert the variable interest rate on our 1999 senior credit facility to a fixed rate of 5.5%.

Our 1997 bank credit facility and our 1999 senior bank credit facility require that we maintain:

- a minimum consolidated net worth, and

- a maximum consolidated indebtedness ratio.

Each of these credit facilities also contain covenants that, subject to specified exceptions, restrict our ability to:

- make capital expenditures,

- sell or dispose of our assets,

- incur additional debt,

- incur contingent liabilities and liens,

- merge with or acquire other companies or be subject to a change of control,

- make loans or advances or stock repurchases,

- engage in transactions with affiliates, and

- make investments.

Upon the occurrence of an event of default under each of these credit facilities, the lenders may cease making loans, terminate the credit facility, and declare all amounts outstanding to be immediately due and payable. The credit facilities specify a number of events of default, many of which are subject to applicable grace or cure periods, including, among others, the failure to make timely principal and interest payments, to satisfy the covenants, or to maintain the required financial performance requirements described above.

Additionally, the agreements provide that an event of default will occur if Mr. Ralph Lauren and related entities fail to maintain a specified minimum percentage of the voting power of our common stock.

In November 1999, we issued Euro 275.0 million of 6.125% notes due November 2006. Our Euro debt is listed on the London Stock Exchange. The net proceeds from the Euro offering were $281.5 million, based on the Euro exchange rate on the issuance date. Interest on the Euro debt is payable annually. A portion of the net proceeds from the issuance was used to acquire Poloco while the remaining net proceeds were retained for general corporate purposes. We acquired Poloco for an aggregate cash consideration of $209.7 million, plus the assumption of $10.0 million in short-term debt.

During fiscal 2002 and 2001, we repurchased Euro 11.9 million and 27.5 million, or approximately $10.6 million and $25.3 million based on Euro exchange rates at the time of repurchase, of our outstanding Euro debt.

As of March 30, 2002, we had $33 million outstanding in direct borrowings, $80 million outstanding under the term loan and $205 million outstanding in Euro debt, based on the year-end Euro exchange rate. We were also contingently liable for $17.2 million in outstanding letters of credit related primarily to commitments for the purchase of inventory. The weighted-average interest rate on our borrowings at March 30, 2002 was 5.9%.

We recognize foreign currency gains or losses in connection with our Euro debt based on fluctuations in foreign exchange rates. We recorded $1.8 million in foreign currency gains in fiscal 2002 and $5.8 million in foreign currency gains in fiscal 2001.

During the second quarter of fiscal 2001, we completed an internal operational review and formalized our plans to enhance the growth of our international luxury retail business, to better manage inventory and to increase our overall profitability. In connection with the implementation of the operational review, we recorded a pretax restructuring charge of $128.6 million in our

second quarter of fiscal 2001, subsequently adjusted for a $5.0 million reduction of liabilities in the fourth quarter of fiscal 2001. In the fourth quarter of fiscal 2002, we recorded an additional $16.0 million of lease termination costs associated with the closure of our retail stores due to market factors that were less favorable than originally estimated. On October 18, 2000, we received consent from our lenders under the credit facilities permitting us to incur the charges we recorded in connection with the operational review up to specified thresholds. See Note 3 to our consolidated financial statements.

Total cash outlays related to the operational plan are expected to be approximately $40.7 million, $25.7 million of which have been paid through March 30, 2002. We completed the implementation of the operational plan in fiscal 2002 and expect to settle the remaining liabilities in fiscal 2003.

During the fourth quarter of fiscal 1999, we formalized our plans to streamline operations within our wholesale and retail operations and reduce our overall cost structure. Total cash outlays resulting from the 1999 restructuring plan are approximately $39.5 million, $36.8 million of which have been paid through March 30, 2002. We completed the implementation of the Restructuring Plan in fiscal 2000 and expect to settle the remaining liabilities in accordance with contract terms which extend until fiscal 2003. See Note 3 to our consolidated financial statements.

From time to time, we make contributions to various charitable organizations. In the quarter ended March 30, 2002, we made a contribution of approximately $8 million to the Polo Ralph Lauren Foundation, which provides philanthropic and volunteer support to organizations focused on health, educational and cultural initiatives.

Capital expenditures were $88.0 million in fiscal 2002, $105.2 million in fiscal 2001 and, $122.0 million in fiscal 2000. Capital expenditures primarily reflect costs associated with the following:

- the expansion of our distribution facilities;

- the shop-within-shops development program which includes new shops, renovations and expansions;

- the expansion of our retail operations;

- our information systems; and

- other capital projects.

On October 31, 2001, we completed the acquisition of substantially all of the assets of PRL Fashions of Europe S.R.L., which holds licenses to sell our women's Ralph Lauren apparel in Europe, our men's and boys' Polo Ralph Lauren apparel in Italy, and our men's and women's Polo Jeans Co. collections in Italy. The purchase price was approximately $22.0 million in cash, plus the assumption of certain liabilities and earn-out payments based on achieving profitability targets over the first three years, with a guaranteed minimum annual payment of $3.5 million each year.

In March 1998, our Board of Directors authorized the repurchase, subject to market conditions, of up to $100.0 million of our Class A common stock. Share repurchases were made in the open market over the two-year period which commenced April 1, 1998. The Board of Directors has extended the stock repurchase program through March 31, 2004. Shares acquired under the repurchase program will be used for stock option programs and for other corporate purposes. As of March 30, 2002, we repurchased 3,876,506 shares of our Class A common stock at an aggregate cost of $73.2 million.

We extend credit to our customers, including those who have accounted for significant portions of our net revenues. We had three customers, Dillard Department Stores, Inc.,

Federated Department Stores, Inc. and The May Department Stores Company, who in aggregate constituted approximately 35% of trade accounts receivable outstanding at March 30, 2002, 52.0% at March 31, 2001 and 54.0% at April 1, 2000. The concentration of our trade accounts receivable has declined in recent periods, and is expected to continue to decline, as we have diversified our distribution channels and the proportion of department stores in our customer mix has declined as a result of our expansion in Europe. Additionally, we had four licensing partners, Jones Apparel Group, Inc., WestPoint Stevens, Inc., Seibu Department Stores, Ltd. and Warnaco, Inc., who in aggregate constituted approximately 55.0%, 53.0%, and 58.0% of licensing revenue in fiscal 2002, fiscal 2001, and fiscal 2000. Accordingly, we may have significant exposure in collecting accounts receivable from our wholesale customers and licensees. We have credit policies and procedures which we use to manage our credit risk.

We believe that cash from ongoing operations and funds available under our credit facilities and from our Euro offering will be sufficient to satisfy our current level of operations, capital requirements, the stock repurchase program and other corporate activities for the next 12 months. We do not currently intend to pay dividends on our common stock in the next 12 months.

SEASONALITY AND QUARTERLY FLUCTUATIONS

Our business is 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 to retail customers and key vacation travel and holiday shopping periods in the retail segment. As a result of growth in our retail operations and licensing revenue, historical quarterly operating trends and working capital requirements may not be indicative of future performances. In addition, fluctuations in sales and operating income in any fiscal quarter may be affected by the timing of seasonal wholesale shipments and other events affecting retail sales.

Effective December 30, 2001, the Company changed the fiscal year ends of its European subsidiaries as reported in the consolidated financial statements to the Saturday closest to March 31 to conform with the fiscal year end of the Company. Previously, certain of the European subsidiaries were consolidated and reported on the basis of a fiscal year ending December 31. Accordingly, the net activity for the three-month period ended December 29, 2001, for the European subsidiaries that were reported on a three-month lag is reflected as an adjustment to retained earnings in the accompanying financial statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are more fully described in Note 2 to our consolidated financial statements. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, our observations of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Our significant accounting policies include:

Revenue Recognition -- We recognize sales, including sales made to our customers in connection with our shop-within-shops, upon shipment of products to customers, since title passes upon shipment and, in the case of sales by our retail and outlet stores, when goods are sold to consumers. Allowances for estimated uncollectible accounts, discounts, returns and allowances are provided when sales are recorded based upon historical experience and current trends. We evaluate the adequacy of the allowances quarterly. While such allowances have been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same allowance rate we have in the past.

Inventories -- Inventory is valued at the lower of cost or market, cost being determined on the first-in, first-out method. Reserves for slow moving and aged merchandise are provided based on historical experience and current product demand. We evaluate the adequacy of the reserves quarterly. While such markdowns have been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same level of markdowns we have in the past.

Valuation of Long-Lived Assets -- We assess the carrying value of long-lived and intangible assets, including unamortized goodwill, as current facts and circumstances indicate that they may be impaired. In evaluating the fair value and future benefits of such assets, we perform an analysis of the anticipated undiscounted future net cash flows of the individual assets over the remaining amortization period and would recognize an impairment loss if the carrying value exceeded the expected future cash flows. The impairment loss would be measured based upon the difference between the fair value of the asset and its recorded carrying value.

NEW ACCOUNTING STANDARDS

In July 2001, the Financial Accounting Standards Board, or "FASB," issued Statement of Financial Accounting Standards, or "SFAS," No. 141, Business Combinations and SFAS No. 142, Goodwill and Other Intangible Assets. In addition to requiring the use of the purchase method for all business combinations, SFAS No. 141 requires intangible assets that meet certain criteria to be recognized as assets apart from goodwill. SFAS No. 142 addresses accounting and reporting standards for acquired goodwill and other intangible assets and generally requires that goodwill and indefinite life intangible assets no longer be amortized but be tested for impairment annually. Intangible assets that have finite lives will continue to be amortized over their useful lives. SFAS No. 141 and SFAS No. 142 are effective for our first quarter in the fiscal year ending March 29, 2003, or for any business combinations initiated after June 30, 2001. As a result of these pronouncements, goodwill arising from the acquisitions of PRL Fashions and the Polo Brussels SA store are not being amortized. We are currently evaluating the impact of adopting these pronouncements on our consolidated financial position and results of operations. We expect a reduction in amortization expense of approximately $9.0 million for fiscal 2003.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for the first quarter in the fiscal year ending April 3, 2004. The Company does not expect the adoption of this pronouncement to have a material impact on our consolidated results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 144 supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. However, SFAS No. 144 retains the fundamental provisions of Statement 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. SFAS No. 144 is effective for the first quarter in the fiscal year ending March 29, 2003. We are currently evaluating the impact of adopting this pronouncement on our consolidated results of operations.

In April 2002, the FASB issued SFAS No. 145, Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. In addition to amending and rescinding other existing authoritative pronouncements to make various technical corrections,

clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. SFAS No. 145 is effective for our first quarter in the fiscal year ending April 3, 2004. The Company does not expect the adoption of this pronouncement to have a material impact on our consolidated results of operations or financial position.

In April 2001, the FASB's Emerging Issues Task Force reached a consensus on Issue No. 00-25, Vendor Income Statement Characteristics of Consideration Paid to a Reseller of the Vendor's Products. In November 2001, EITF No. 00-25 was codified by the Emerging Issues Task Force in EITF Issue No. 01-09, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products). EITF No. 01-09 concluded that consideration from a vendor to a reseller of the vendor's products is presumed to be a reduction of the selling prices of the vendor's products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor's income statement. That presumption is overcome and the consideration characterized as a cost incurred if a benefit is or will be received from the recipient of the consideration if certain conditions are met. The Company adopted this pronouncement in our fourth quarter of the fiscal year ended March 30, 2002, and there was no impact on our consolidated results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in interest rates or foreign currency exchange rates. We manage these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. Our policy allows for the use of derivative financial instruments for identifiable market risk exposures, including interest rate and foreign currency fluctuations. The following quantitative disclosures are based on quoted market prices and theoretical pricing models obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities. These quantitative disclosures do not represent the maximum possible loss or any expected loss that may occur, since actual results may differ from those estimates.

FOREIGN CURRENCY EXCHANGE RATES

Foreign currency exposures arise from transactions, including firm commitments and anticipated contracts, denominated in a currency other than an entity's functional currency, and from foreign-denominated revenues translated into U.S. dollars. From time to time, we hedge exposures to foreign currency exchange rate fluctuations with forward foreign exchange contracts. With respect to foreign operations, substantially all of our foreign subsidiaries operate in their respective functional currencies. Our primary foreign currency exposures relate to our Euro debt and Euro investments. The potential loss in value on our Euro debt and Euro investments based on a hypothetical immediate 10.0% adverse change in the Euro rate would have been $20.5 million and $1.7 million at March 30, 2002, as compared to $21.7 million and $4.5 million at March 31, 2001. As of March 30, 2002, a hypothetical immediate 10.0% adverse change in the Euro rate on the Euro debt and Euro investments would have a $1.3 million and $0.1 million unfavorable impact on our earnings and cash flows in fiscal 2003.

INTEREST RATES

Our primary interest rate exposure relates to our fixed and variable rate debt. The fair value of our fixed Euro debt was $199.6 million based on its quoted market price as listed on the London Stock Exchange and using Euro exchange rates in effect as of March 30, 2002. The potential loss in value at March 30, 2002 on our fixed Euro debt based on a hypothetical immediate 10.0% adverse change in the interest rate would have been $1.3 million. At March 30, 2002, the carrying value of amounts outstanding of $113.0 million under our variable debt

borrowing arrangements under our bank credit facilities approximated their fair value. We employ an interest rate hedging strategy utilizing swaps to effectively fix a portion of our interest rate exposure on our floating rate financing arrangements. At March 30, 2002, we had interest rate swap agreements with a notional amount of $100.0 million which fixed the interest rate on our variable rate debt at 5.5%. As of March 30, 2002, a hypothetical immediate 10.0% adverse change in interest rates relating to our unhedged portion of our variable rate debt would have a $0.1 million unfavorable impact on our earnings and cash flows in fiscal 2003.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item appears beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

See Item 13.

ITEM 11. EXECUTIVE COMPENSATION

See Item 13.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See Item 13.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required to be included by Item 10 through 13 of Form 10-K will be included in our proxy statement for the 2002 Annual Meeting of Stockholders, which will be filed within 120 days after the close of our fiscal year ended March 30, 2002, and that information is incorporated herein by reference to that proxy statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1, 2. Financial Statements and Schedules. See index on Page F-1.

3. Exhibits

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-24733) (the "S-1"))*
3.2	Amended and Restated By-laws of the Company (filed as Exhibit 3.2 to the S-1)*
10.1(a)	Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the S-1)*+
10.1(b)	Amendment to Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit A to the Company's DEF 14A Proxy Statement, filed June 27, 2000)*+

EXHIBIT NUMBER	DESCRIPTION
10.2	Polo Ralph Lauren Corporation 1997 Stock Option Plan for Non-Employee Directors (filed as Exhibit 10.2 to the S-1)*+
10.3	Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan (filed as Exhibit 10.3 to the Fiscal 2000 10-K)+
10.4	Registration Rights Agreement dated as of June 9, 1997 by and among Ralph Lauren, GS Capital Partners, L.P., GS Capital Partner PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., and Polo Ralph Lauren Corporation (filed as Exhibit 10.3 to the S-1)*
10.5	U.S.A. Design and Consulting agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, and Cosmair, Inc., and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.4 to the S-1)*
10.6	Restated U.S.A. License Agreement, dated January 1, 1985, between Ricky Lauren and Mark N. Kaplan, as Licensor, and Cosmair, Inc., as Licensee, and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.5 to the S-1)*
10.7	Foreign Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, as Licensor, and L'Oreal S.A., as Licensee, and letter agreements related thereto dated January 1, 1985, September 16, 1994 and October 25, 1994** (filed as Exhibit 10.6 to the S-1)*
10.8	Restated Foreign License Agreement, dated January 1, 1985, between The Polo/ Lauren Company, as Licensor, and L'Oreal S.A., as Licensee, letter Agreement related thereto dated January 1, 1985, and Supplementary Agreement thereto, dated October 1, 1991** (filed as Exhibit 10.7 to the S-1)*
10.9	Amendment, dated November 27, 1992, to Foreign Design and Consulting Agreement and Restated Foreign License Agreement** (filed as Exhibit 10.8 to the S-1)*
10.10	License Agreement, dated as of July 1, 2000, between Ralph

	Lauren Home Collection, Inc. and WestPoint Stevens Inc.** (filed herewith)
10.11	License Agreement, dated March 1, 1998, between The Polo/Ralph Lauren Company, L.P. and Polo Ralph Lauren Japan Co., Ltd., and undated letter agreement related thereto** (filed as Exhibit 10.10 to the S-1)*
10.12	Design Services Agreement, dated March 1, 1998, between Polo Ralph Lauren Enterprises, L.P. and Polo Ralph Lauren Japan Co., Ltd. (filed as Exhibit 10.11 to the S-1)*
10.13	Design Services Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc.** (filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the Fiscal Year ended March 28, 1998 (the "Fiscal 1998 10-K"))*
10.14	License Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc. (filed as Exhibit 10-26 to the Fiscal 1998 10-K)*
10.15	Stockholders Agreement dated as of June 9, 1997 among Polo Ralph Lauren Corporation, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., Mr. Ralph Lauren, RL Holding, L.P. and RL Family (filed as Exhibit 10.22 to the S-1)*

EXHIBIT NUMBER	DESCRIPTION
10.16	Form of Credit Agreement by Polo Ralph Lauren Corporation and The Chase Manhattan Bank (filed as Exhibit 10.24 to the S-1)*
10.17	Form of Guarantee and Collateral Agreement by Polo Ralph Lauren Corporation in favor of The Chase Manhattan Bank (filed as Exhibit 10.25 to the S-1)*
10.18	Credit Agreement between Polo Ralph Lauren Corporation and the Chase Manhattan Bank dated as of March 30, 1999 (filed as Exhibit 10.20 to the Fiscal 1999 10-K)
10.19	Fiscal and Paying Agency Agreement dated November 22, 1999 among Polo Ralph Lauren Corporation, its subsidiary guarantors and The Bank of New York, as fiscal and principal paying agent (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended January 1, 2000)*
10.20	Stock and Asset Puchase Agreement between Polo Ralph Lauren Corporation and S.A. Louis Dreyfus, dated November 23, 1999 (filed as Exhibit 2.1 to the Form 10-K filed January 10, 2000)*
10.21	Form of Indemnification Agreement between Polo Ralph Lauren Corporation and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)*
10.22	Amended and Restated Employment Agreement effective April 4, 1999 between Ralph Lauren and Polo Ralph Lauren Corporation (filed as Exhibit 10.23 to the Fiscal 1999 Form 10-K)*+
10.23	Deferred Compensation Agreement dated April 2, 1995 between F. Lance Isham and Polo Ralph Lauren, L.P. (filed as Exhibit 10.14 to the S-1)*+
10.24	Amendment to Deferred Compensation Agreement made as of November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.14 to the Fiscal 1999 10-K)*+
10.26	Amended and Restated Employment Agreement effective November 10, 1998, between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.16 to the Fiscal 1999 10-K)*+
10.27	Amendment No. 1 to Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and F. Lance Isham, dated as of December 21, 2000 (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended December 30,

	2000).*+
10.28	Employment Agreement effective April 12, 2000 between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.27 to the Fiscal 2000 10-K)*+
10.29	Employment Agreement effective January 1, 2000 between Polo Ralph Lauren Corporation and Douglas L. Williams (filed as Exhibit 10.29 to the Fiscal 2000 10-K)*+
10.30	Employment Agreement, dated July 1, 2001, between Polo Ralph Lauren Corporation and Gerald M. Chaney (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-3 (File No. 333-83500)).*+
10.31	Employment Agreement, dated July 1, 2002, between Polo Ralph Lauren Corporation and Mitchell A. Kosh (filed as Exhibit 10.2 to the Company's Registration Statement on Form S-3 (File No. 333-83500)).*+
10.32	Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan as Amended and Restated Generally Effective as of March 31, 2002.+
10.33	Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan (For Hourly Employees of Fashions Outlet of America, Inc., and Subsidiaries and Polo Clothing Co., Inc.) as Amended and Restated Generally Effective as of March 31, 2002.+

EXHIBIT NUMBER	DESCRIPTION
10.34	Consulting Agreement, dated as of March 25, 2002, between Polo Ralph Lauren Corporation and Arnold H. Aronson+
21.1	List of Significant Subsidiaries of the Company (filed as Exhibit 21.1 to the Fiscal 2001 10-K)
23.1	Consents of Deloitte & Touche LLP

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* Incorporated herein by reference.

\+ Exhibits is a management contract or compensatory plan or arrangement.

** Portions of Exhibits 10.5-10.14 have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

(b) No current report on Form 8-K was filed by us with the Securities and Exchange Commission during the last quarter of fiscal 2002.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on June 25, 2002.

POLO RALPH LAUREN CORPORATION

By: /s/ RALPH LAUREN

Ralph Lauren
Chairman of the Board and
Chief Executive Officer

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

SIGNATURE	TITLE	DATE
/s/ RALPH LAUREN Ralph Lauren	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	June 25, 2002
/s/ F. LANCE ISHAM F. Lance Isham	Vice Chairman of the Board of Directors	June 25, 2002
/s/ ROGER N. FARAH Roger N. Farah	President, Chief Operating Officer and Director	June 25, 2002
/s/ GERALD M. CHANEY Gerald M. Chaney	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	June 25, 2002
/s/ FRANK A. BENNACK, JR. Frank A. Bennack, Jr.	Director	June 25, 2002
/s/ JOEL L. FLEISHMAN Joel L. Fleishman	Director	June 25, 2002
/s/ RICHARD FRIEDMAN Richard Friedman	Director	June 25, 2002
/s/ ARNOLD H. ARONSON Arnold H. Aronson	Director	June 25, 2002
/s/ TERRY S. SEMEL Terry S. Semel	Director	June 25, 2002
/s/ JUDITH A. MCHALE Judith A. McHale	Director	June 25, 2002
/s/ DR. JOYCE F. BROWN Dr. Joyce F. Brown	Director	June 25, 2002

POLO RALPH LAUREN CORPORATION
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
POLO RALPH LAUREN CORPORATION
NEW YORK, NEW YORK

We have audited the accompanying consolidated balance sheets of Polo Ralph Lauren Corporation and subsidiaries (the "Company") as of March 30, 2002 and March 31, 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended March 30, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Polo Ralph Lauren Corporation and subsidiaries as of March 30, 2002 and March 31, 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company eliminated the 90-day reporting lag for certain of its European subsidiaries. The results of operations of these subsidiaries for the period October 1, 2001 through December 29, 2001 are reflected as an adjustment to retained earnings in the consolidated financial statements for the year ended March 30, 2002.

As discussed in Note 2 to the consolidated financial statements, effective April 4, 1999, the Company changed its method of accounting for the costs of start-up activities.

DELOITTE & TOUCHE LLP

New York, New York
May 21, 2002

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	MARCH 30, 2002	MARCH 31, 2001
	(IN THOUSANDS, EXCEPT SHARE DATA)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 238,774	$ 102,219
Accounts receivable, net of allowances of $13,175 and		

$12,090	353,608	269,010
Inventories	349,818	425,594
Deferred tax assets	17,897	31,244
Prepaid expenses and other	47,960	73,654
Total current assets	1,008,057	901,721
Property and equipment, net	343,836	347,757
Deferred tax assets	58,127	61,056
Goodwill, net	273,348	249,391
Other assets	66,129	66,168
Total assets	$1,749,497	$1,626,093
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes and acceptances payable -- banks	$ 32,988	$ 86,112
Accounts payable	177,472	178,293
Income tax payable	52,819	--
Accrued expenses and other	128,492	175,172
Total current liabilities	391,771	439,577
Long-term debt	285,414	296,988
Other noncurrent liabilities	74,117	80,219
Commitments and contingencies (Note 14)		
Stockholders' equity		
Common Stock		
Class A, par value $.01 per share; 500,000,000 shares authorized; 36,103,439 and 34,948,730 shares issued	361	349
Class B, par value $.01 per share; 100,000,000 shares authorized; 43,280,021 shares issued and outstanding	433	433
Class C, par value $.01 per share; 70,000,000 shares authorized; 22,720,979 shares issued and outstanding	227	227
Additional paid-in-capital	490,337	463,001
Retained earnings	602,124	430,047
Treasury Stock, Class A, at cost (3,876,506 and 3,771,806 shares)	(73,246)	(71,179)
Accumulated other comprehensive loss	(19,799)	(10,529)
Unearned compensation	(2,242)	(3,040)
Total stockholders' equity	998,195	809,309
Total liabilities and stockholders' equity	$1,749,497	$1,626,093

See accompanying notes to consolidated financial statements.

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	FISCAL YEAR ENDED		
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
	(IN THOUSANDS, EXCEPT SHARE DATA)		
Net sales	$ 2,122,333	$ 1,982,419	$ 1,719,226
Licensing revenue	241,374	243,355	236,302
Net revenues	2,363,707	2,225,774	1,955,528
Cost of goods sold	1,216,904	1,162,727	1,002,390
Gross profit	1,146,803	1,063,047	953,138
Selling, general and administrative expenses	837,591	822,272	689,227
Restructuring charge	16,000	123,554	--
Total expenses	853,591	945,826	689,227
Income from operations	293,212	117,221	263,911
Foreign currency gains	1,820	5,846	--
Interest expense	(19,033)	(25,113)	(15,025)

Income before income taxes and cumulative effect of change in accounting principle...	275,999	97,954	248,886
Provision for income taxes.....................	103,499	38,692	101,422
Income before cumulative effect of change in accounting principle......................	172,500	59,262	147,464
Cumulative effect of change in accounting principle, net of taxes......................	--	--	3,967
Net income..................................	$ 172,500	$ 59,262	$ 143,497
Income per share before cumulative effect of change in accounting principle -- Basic.......	$ 1.77	$ 0.61	$ 1.49
Cumulative effect of change in accounting principle, net of taxes, per share -- Basic...	--	--	0.04
Net income per share -- Basic..................	$ 1.77	$ 0.61	$ 1.45
Income per share before cumulative effect of change in accounting principle -- Diluted.....	$ 1.75	$ 0.61	$ 1.49
Cumulative effect of change in accounting principle, net of taxes, per share -- Diluted............................	--	--	0.04
Net income per share -- Diluted................	$ 1.75	$ 0.61	$ 1.45
Weighted-average common shares outstanding -- Basic.......................................	97,470,342	96,773,282	98,926,993
Weighted-average common shares outstanding -- Diluted.....................................	98,522,718	97,446,482	99,035,781

See accompanying notes to consolidated financial statements.

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	TREASURY STOCK, AT COST	
	SHARES	AMOUNT	CAPITAL	EARNINGS	SHARES	AMOUNT
	(IN THOUSANDS, EXCEPT SHARE DATA)					
BALANCE AT APRIL 3, 1999.....	100,382,653	$1,004	$450,030	$227,288	603,864	$(16,084)
Comprehensive income:						
Net income.................				143,497		
Foreign currency translation adjustments, net of income taxes of $6.2 million.............						
Total comprehensive income............						
Repurchases of common stock..					2,348,813	(41,262)
Restricted stock amortization...............						
BALANCE AT APRIL 1, 2000.....	100,382,653	1,004	450,030	370,785	2,952,677	(57,346)
Comprehensive income:						
Net income.................				59,262		
Foreign currency translation adjustments, net of income tax benefit of $13.2 million.........						
Total comprehensive income............						
Repurchases of common stock......................					819,129	(13,833)
Exercise of stock options....	448,778	4	10,293			
Income tax benefit from stock option exercises...........			679			
Restricted stock grants......	118,299	1	1,999			

Restricted stock amortization...............						
BALANCE AT MARCH 31, 2001....	100,949,730	1,009	463,001	430,047	3,771,806	(71,179)
Comprehensive income:						
Net income.................				172,500		
Foreign currency translation adjustments, net of income tax benefit of $4.6 million..........						
Cumulative transition adjustment, net............						
Net unrealized gains and losses on hedges reclassified into earnings, net........................						
Unrealized loss on hedges, net........................						
Total comprehensive Income............						
Repurchases of common stock......................					104,700	(2,067)
Exercise of stock options....	1,154,709	12	24,474			
Income tax benefit from stock option exercises...........			2,862			
Net loss of certain European subsidiaries (10/1/01 - 12/29/01)..................				(423)		
Restricted stock amortization...............						
BALANCE AT MARCH 30, 2002....	102,104,439	$1,021	$490,337	$602,124	3,876,506	$(73,246)

	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	UNEARNED COMPENSATION	TOTAL
	(IN THOUSANDS, EXCEPT SHARE DATA)		
BALANCE AT APRIL 3, 1999.....	$ --	$(3,333)	$658,905
Comprehensive income:			
Net income.................			
Foreign currency translation adjustments, net of income taxes of $6.2 million............	9,655		
Total comprehensive income............			153,152
Repurchases of common stock..			(41,262)
Restricted stock amortization..............		1,642	1,642
BALANCE AT APRIL 1, 2000.....	9,655	(1,691)	772,437
Comprehensive income:			
Net income.................			
Foreign currency translation adjustments, net of income tax benefit of $13.2 million.........	(20,184)		
Total comprehensive income............			39,078
Repurchases of common stock......................			(13,833)
Exercise of stock options....			10,297
Income tax benefit from stock option exercises...........			679
Restricted stock grants......		(2,000)	--
Restricted stock amortization..............		651	651
BALANCE AT MARCH 31, 2001....	(10,529)	(3,040)	809,309
Comprehensive income:			
Net income.................			
Foreign currency translation adjustments, net of income tax benefit of $4.6 million..........	(7,652)		
Cumulative transition			

adjustment, net............	4,028		
Net unrealized gains and losses on hedges reclassified into earnings, net........................	(4,875)		
Unrealized loss on hedges, net........................	(771)		
Total comprehensive Income.............			163,230
Repurchases of common stock......................			(2,067)
Exercise of stock options....			24,486
Income tax benefit from stock option exercises...........			2,862
Net loss of certain European subsidiaries (10/1/01 - 12/29/01)..................			(423)
Restricted stock amortization...............		798	798
BALANCE AT MARCH 30, 2002....	$(19,799)	$(2,242)	$998,195

See accompanying notes to consolidated financial statements.

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FISCAL YEAR ENDED		
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
	(IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income...	$ 172,500	$ 59,262	$ 143,497
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (benefit from) deferred income taxes..	21,216	(23,430)	6,761
Depreciation and amortization......................	83,919	78,599	66,280
Cumulative effect of change in accounting principle......................................	--	--	3,967
Provision for losses on accounts receivable.........	2,920	547	2,734
Changes in deferred liabilities.....................	(15,628)	(27,989)	3,155
Provision for restructuring........................	16,000	98,836	--
Foreign currency gains.............................	(1,820)	(5,846)	--
Other...	9,173	(9,885)	4,770
Changes in assets and liabilities, net of acquisitions			
Accounts receivable.............................	(92,314)	(68,968)	(32,746)
Inventories.....................................	82,721	(44,626)	53,325
Prepaid expenses and other......................	24,143	(22,967)	1,216
Other assets....................................	6,142	8,042	(9,801)
Accounts payable................................	(11,001)	30,683	31,281
Accrued expenses and other......................	(4,213)	28,028	(31,750)
Net cash provided by operating activities......	293,758	100,286	242,689
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment, net............	(88,008)	(105,170)	(122,010)
Acquisitions, net of cash acquired.................	(23,702)	(20,929)	(235,144)
Proceeds from restricted cash for Club Monaco acquisition....................................	--	--	44,217
Cash surrender value -- officers' life insurance....	(4,242)	(5,152)	(5,385)
Net cash used in investing activities..........	(115,952)	(131,251)	(318,322)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchases of common stock........................	(2,067)	(13,833)	(41,262)
Proceeds from exercise of stock options............	24,486	10,297	--
(Repayments of) proceeds from short-term borrowings,			

net	(52,166)	2,939	(39,400)
Repayments of long-term debt	(10,576)	(25,289)	(37,358)
Proceeds from long-term debt	--	--	319,610
Net cash (used in) provided by financing activities	(40,323)	(25,886)	201,590
Effect of exchange rate changes on cash	(928)	(5,501)	(5,844)
Net (decrease) increase in cash and cash equivalents	136,555	(62,352)	120,113
Cash and cash equivalents at beginning of period	102,219	164,571	44,458
Cash and cash equivalents at end of period	$ 238,774	$ 102,219	$ 164,571

See accompanying notes to consolidated financial statements.

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FISCAL YEAR ENDED		
	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
	(IN THOUSANDS)		
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	$ 20,193	$ 25,318	$ 7,713
Cash paid for income taxes	$ 58,328	$ 72,599	$ 112,202
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Fair value of assets acquired, excluding cash	$ 49,431	$ --	$ 398,737
Less:			
Cash paid	23,702	--	235,144
Acquisition obligation	10,500	--	21,637
Liabilities assumed	$ 15,229	$ --	$ 141,956

See accompanying notes to consolidated financial statements.

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT WHERE OTHERWISE INDICATED)

1. BASIS OF PRESENTATION AND ORGANIZATION

(A) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Polo Ralph Lauren Corporation ("PRLC") and its wholly and majority owned subsidiaries. All intercompany balances and transactions have been eliminated. PRLC and its subsidiaries are collectively referred to herein as "we," "us," "our" and "ourselves."

We have included the March 30, 2002 and December 31, 2000 balance sheets of our wholly owned European subsidiaries in the accompanying March 30, 2002 and March 31, 2001, consolidated balance sheets. We also have consolidated the results of operations of our wholly owned European subsidiaries for the years ended March 30, 2002 and December 31, 2000, in the March 30, 2002 and March 31, 2001 consolidated statements of income, stockholders' equity and cash flows.

(B) CONSOLIDATION OF EUROPEAN ENTITIES -- CHANGE IN REPORTING PERIOD

Effective December 30, 2001, for reporting purposes the Company changed the fiscal year ends of its European subsidiaries as reported in the consolidated financial statements to the Saturday closest to March 31 to conform with the fiscal year end of the Company. Previously, certain of the European subsidiaries were consolidated and reported on a three-month lag with a fiscal year ending December 31. Accordingly, the net activity shown below for the three-month period ended December 29, 2001, for those European subsidiaries is reported as an adjustment to retained earnings in the accompanying financial statements (in millions):

THREE-MONTHS ENDED DECEMBER 29, 2001:	
Net sales	$49.5
Gross profit	25.5
Pre-tax loss	(0.7)
Income tax benefit	0.3
Net loss	$(0.4)

Net income for the year ended March 30, 2002, for the consolidated Company as if the European subsidiaries remained on a three-month lag would have been $159.7 million.

(C) ACQUISITIONS AND JOINT VENTURE

On October 31, 2001, the Company completed the acquisition of substantially all of the assets of PRL Fashions of Europe S.R.L. ("PRL Fashions" or "Italian Licensee") which held licenses to sell our women's Ralph Lauren apparel in Europe, our men's and boys' Polo Ralph Lauren apparel in Italy and men's and women's Polo Jeans Co. collections in Italy. The purchase price of this transaction was approximately $22.0 million in cash plus the assumption of certain liabilities and earn-out payments based on achieving profitability targets over the first three years with a guaranteed minimum annual payment of $3.5 million each year.

The assets acquired of $15.1 million and liabilities assumed of $15.1 million were recorded at estimated fair values as determined by the Company's management based on information currently available. Goodwill of approximately $33.5 million has been recognized for the excess of the purchase price over the preliminary estimate of fair market value of the net assets acquired.

The Company is in the process of obtaining independent appraisals of the intangible assets acquired. Accordingly, the allocation of the purchase price is subject to revision, which is not expected to be material, based on the final determination of appraised and other fair values.

On October 22, 2001, we acquired the Polo Brussels SA store from one of our licensees. The purchase price of this transaction was approximately $3.0 million in cash, which was primarily allocated to goodwill. The sales and total assets were not material. The pro forma effect of these two acquisitions on the historical results were not material.

Consistent with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations and SFAS No. 142, Goodwill and Other Intangible Assets, these acquisitions were accounted for as purchases and the goodwill recorded is not being amortized.

On February 7, 2000, we announced the formation of Ralph Lauren Media, LLC ("RL Media"), a joint venture between National Broadcasting Company, Inc. and certain affiliated companies ("NBC") and ourselves. RL Media was created to bring our American lifestyle experience to consumers via multiple media platforms, including the Internet, broadcast, cable and print. Under the 30-year joint venture agreement, RL Media is owned 50% by us and 50% by NBC. In exchange for a 50% interest, we provide marketing through our annual print advertising campaign, make our merchandise available at initial cost of inventory and sell

RL Media's excess inventory through our outlet stores, among other things. NBC will contribute $110.0 million of television and online advertising. NBC will also contribute $40.0 million in online distribution and promotion and a cash funding commitment up to $50.0 million. Under the terms of the joint venture agreement, for tax purposes, we will not absorb any losses from the joint venture up to the first $50.0 million incurred and will share proportionately in the net income or losses thereafter. Additionally, we will receive a royalty on the sale of our products by RL Media based on specified percentages of net sales over a predetermined threshold, subject to certain limitations; to date, no such royalty income has been recognized. RL Media's managing board has equal representation from NBC and us. The joint venture has been accounted for under the equity method from the effective date of its formation. Our financial basis in RL Media is zero. Our equity in the net assets of RL Media is less than our financial basis. We have not recognized any losses in excess of our financial basis since there are no financial guarantees, commitments or obligations to fund the operations of RL Media.

On January 6, 2000, we completed the acquisition of stock and certain assets of Poloco S.A.S. and certain of its affiliates ("Poloco"), which hold licenses to sell our men's and boys' apparel, our men's and women's Polo Jeans apparel, and certain of our accessories in Europe. In addition to acquiring Poloco's wholesale business, we acquired one flagship store in Paris and six outlet stores located in France, the United Kingdom and Austria. We acquired Poloco for an aggregate cash consideration of $209.7 million, plus the assumption of $10.0 million in short-term debt. We used a portion of the net proceeds from the Eurobond Offering (as defined) to finance this acquisition. During the quarter ended July 1, 2000, the final 10% of the acquisition price for Poloco in the amount of $20.9 million was distributed in accordance with the terms of the agreement. This acquisition has been accounted for as a purchase. The purchase price has been allocated based upon the fair values of the net assets acquired at the date of acquisition. This allocation resulted in an excess of purchase price over the estimated fair value of net assets acquired of $198.3 million, which has been recorded as goodwill and, until the adoption of SFAS No. 142, is being amortized on a straight-line basis over an estimated useful life of 40 years.

The following table sets forth unaudited pro forma combined statement of income information for fiscal 2000 had the acquisition of Poloco occurred at the beginning of the period:

	FISCAL YEAR 2000 (UNAUDITED)
Pro forma net revenues	$2,135,736
Pro forma net income	162,398
Pro forma net income per share -- Basic and Diluted	$ 1.64

The unaudited pro forma information above has been prepared for comparative purposes only and includes certain adjustments to our historical statements of income, such as additional amortization as a result of goodwill and increased interest expense on acquisition debt. The results do not purport to be indicative of the results of operations that would have resulted had the acquisition occurred at the beginning of the period, or of future results of operations of the consolidated entities.

On April 6, 1999, PRL Acquisition Corp., a Nova Scotia unlimited liability corporation and our wholly owned subsidiary, acquired, through a tender offer, 98.83% of the outstanding shares of Club Monaco Inc. ("Club Monaco"), a corporation organized under the laws of the Province of Ontario, Canada. On May 3, 1999, PRL Acquisition Corp. acquired the remaining outstanding 1.17% shares pursuant to a statutory compulsory acquisition. The total purchase price was $51.0 million in cash based on foreign exchange rates in effect on the dates indicated. We used funds from our credit facility to finance this acquisition and to repay in full assumed debt of Club Monaco of $35.0 million. We have accounted for this acquisition as a purchase and have consolidated the operations of Club Monaco in the accompanying financial statements from the effective date of the transaction. The purchase price has been allocated based upon the fair values of the net assets acquired at the date of the acquisition. This allocation resulted in an excess of purchase price over the estimated fair value of net assets acquired of $44.5 million, which has been recorded as goodwill and, until the adoption of SFAS No. 142, is being amortized on a straight-line basis over an estimated useful life of 40 years.

(D) BUSINESS

We design, license, contract for the manufacture of, market and distribute men's and women's apparel, accessories, fragrances, skin care products and home furnishings. Our sales are principally to major department and specialty stores located throughout the United States and Europe. We also sell directly to consumers through full-price, flagship, outlet and Club Monaco stores located throughout the United States, Canada, Europe, Great Britain and Asia.

We are party to licensing agreements which grant the licensee exclusive rights to use our various trademarks in connection with the manufacture and sale of designated products in specified geographical areas. The license agreements typically provide for designated terms with renewal options based on achievement of specified sales targets. The agreements also require that certain minimum amounts be spent on advertising for licensed products. Additionally, as part of the licensing arrangements, each licensee is typically required to enter into a design services agreement pursuant to which design and other creative services are provided. The license and design services agreements provide for payments based on specified percentages of net sales of licensed products. Additionally, we have granted royalty-free licenses to independent parties to operate Polo stores to promote the sale of our merchandise and our licensees' merchandise both domestically and internationally.

A significant amount of our products are produced in the Far East, through arrangements with independent contractors. As a result, our operations could be adversely affected by political instability resulting in the disruption of trade from the countries in which these contractors are located, by the imposition of additional duties or regulations relating to imports, by the contractors' inability to meet our production requirements or by other factors.

2. SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR

Our fiscal year ends on the Saturday nearest to March 31. All references to "2002", "2001," and "2000" represent the 52-week fiscal years ended March 30, 2002, March 31, 2001, and April 1, 2000. Fiscal 2002, 2001 and 2000 reflect a 52-week period.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates embodied in the consolidated financial statements include reserves for accounts receivable, inventories, taxes, restructuring, and the accrual for licensing income received.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less, including investments in debt securities. Our investments in debt securities are diversified among high-credit quality securities in accordance with our risk management policy and include corporate debt securities, commercial paper and money market funds.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out, "FIFO", method), or market.

STORE PRE-OPENING COSTS

Effective April 4, 1999, we adopted the provisions of Statement of Position No. 98-5 ("SOP No. 98-5"), Reporting on the Costs of Start-up Activities. SOP No. 98-5 requires that costs of start-up activities, including store pre-opening costs, be expensed as incurred. Prior to the adoption of SOP No. 98-5, our accounting policy was to capitalize store pre-opening costs as prepaid expenses and amortize such costs over a 12-month period following store opening. As a result of adopting SOP No. 98-5, we recorded a charge of $4.0 million, after taxes, in fiscal 2000 as the cumulative effect of a change in accounting principle in the accompanying consolidated financial statements.

PROPERTY, EQUIPMENT, DEPRECIATION AND AMORTIZATION

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis. The range of useful lives is as follows: buildings -- 37.5 years; furniture and fixtures and machinery and equipment -- 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the lesser of the term of the related lease or the estimated useful life (up to

28 years). Major additions and betterments are capitalized, and repairs and maintenance are charged to operations in the period incurred. We capitalize our share of the cost of outfitting shop-within-shops fixed assets within furniture and fixtures. These assets are amortized using the straight-line method over their estimated useful lives of 3 to 5 years.

GOODWILL

Goodwill represents the excess of purchase cost over the fair value of net assets of businesses acquired. We amortized goodwill on a straight-line basis over its estimated useful life, ranging from 11 to 40 years. Amortization expense was $9.0 million, $8.0 million, and $3.7 million in fiscal 2002, 2001 and 2000. Accumulated amortization was $23.7 million and $13.9 million at March 30, 2002 and March 31, 2001. For fiscal years going forward, consistent with the requirements of SFAS No. 142, goodwill will no longer be amortized but will be tested for impairment annually.

IMPAIRMENT OF LONG-LIVED AND INTANGIBLE ASSETS

We assess the carrying value of long-lived and intangible assets, including unamortized goodwill, as current facts and circumstances indicate that they may be impaired. In evaluating the fair value and future benefits of such assets, we perform an analysis of the anticipated undiscounted future net cash flows of the individual assets over the remaining amortization period and would recognize an impairment loss if the carrying value exceeded the expected future cash flows. The impairment loss would be measured based upon the difference between the fair value of the asset and its recorded carrying value. See Note 3 for long-lived and intangible asset write downs recorded in connection with our fiscal 2001 Operational Plan (as defined -- see Note 3) and fiscal 1999 Restructuring Plan (as defined -- see Note 3).

OFFICERS' LIFE INSURANCE

We maintain key man life insurance policies on several of our senior executives, the majority of which contain split dollar arrangements. The key man policies are recorded at their cash surrender value, while the policies with split dollar arrangements are recorded at the lesser of their cash surrender value or premiums paid. Amounts recorded under these policies aggregated $46.3 million and $42.0 million at March 30, 2002, and March 31, 2001, and are included in other assets in the accompanying consolidated balance sheets.

REVENUE RECOGNITION

Sales, including sales made to customers in connection with our shop-within-shops, are recognized upon shipment of products to customers since title passes upon shipment and, in the case of sales by our retail and outlet stores, when goods are sold to consumers. Allowances for estimated uncollectible accounts, discounts, returns and allowances are provided when sales are recorded. Licensing revenue is recognized based upon shipment of licensed products sold by our licensees, net of allowances.

ADVERTISING

We expense the production costs of advertising, marketing and public relations expenses upon the first showing of the related advertisement. We expense the costs of advertising paid to customers under cooperative advertising programs when the related advertisements are run. Total advertising expenses, including cooperative advertising, included within selling, general and

administrative expenses amounted to $79.8 million, $88.8 million and $73.6 million in fiscal 2002, 2001, and 2000.

INCOME TAXES

We account for income taxes under the liability method. Deferred tax assets and liabilities are recognized based on differences between financial statement and tax bases of assets and liabilities using presently enacted tax rates. A valuation allowance is recorded to reduce a deferred tax asset to that portion which is expected to more likely than not be realized.

DEFERRED RENT OBLIGATIONS

We account for rent expense under noncancelable operating leases with scheduled rent increases and landlord incentives on a straight-line basis over the lease term. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred liability. Unamortized deferred rent obligations amounted to $43.1 million and $46.8 million at March 30, 2002 and March 31, 2001, and are included in accrued expenses and other, and other noncurrent liabilities in the accompanying consolidated balance sheets.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

The financial position and results of operations of our foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities are translated at the exchange rate in effect at each year end. Results of operations are translated at the average rate of exchange prevailing throughout the period. Translation adjustments arising from differences in exchange rates from period to period are included in other comprehensive income, net of taxes, except for certain foreign-denominated debt. We have designated a portion of our Eurobond (as defined -- see Note 7) debt as a hedge of our net investment in a foreign subsidiary. Transaction gains or losses on the unhedged portion resulting from changes in the Eurodollar Rate are recorded in income and amounted to $1.8 million and $5.8 million in fiscal 2002 and 2001. Gains and losses from other foreign currency transactions are included in operating results and were not material.

FINANCIAL INSTRUMENTS

We, from time to time, use derivative financial instruments to reduce our exposure to changes in foreign exchange and interest rates. While these instruments are subject to risk of loss from changes in exchange or interest rates, those losses generally would be offset by gains on the related exposure. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative. SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS No. 133") defines new requirements for designation and documentation of hedging relationships as well as ongoing effectiveness assessments in order to use hedge accounting. For a derivative that does not qualify as a hedge, changes in fair value will be recognized in earnings.

As described further in Note 9, we have entered into interest rate swap agreements and forward foreign exchange contracts which qualify as cash flow hedges under SFAS No. 133. In accordance with SFAS No. 133, we have recorded the fair value of these derivatives at April 1, 2001 and the resulting net unrealized gain, after taxes, of approximately $4.0 million in other comprehensive income as a cumulative transition adjustment. Also, as described above, we have designated a portion of our Eurobond (as defined -- see Note 7) debt as a hedge of our net investment in a foreign subsidiary. Changes in the fair value of the Eurobonds resulting from

changes in the Eurodollar Rate, which are attributable to the hedged portion of the debt, are reported net of income taxes in other comprehensive income as an unrealized foreign currency translation adjustment.

STOCK OPTIONS

We use the intrinsic value method to account for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees and have adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation.

COMPREHENSIVE INCOME

Other comprehensive income consists of foreign currency translation adjustments, net of taxes, and is reflected in the consolidated statements of stockholders' equity.

COST OF GOODS SOLD AND SELLING EXPENSES

Cost of goods sold includes the expenses incurred to acquire and produce inventory for sale, including product costs, freight-in, import costs, as well as reserves for shrinkage. The costs of selling the merchandise, including preparing the merchandise for sale, such as picking, packing, warehousing and order charges, are included in selling, general and administrative expenses.

SHIPPING AND HANDLING COSTS

We reflect shipping and handling costs as a component of selling, general and administrative expenses in the consolidated statements of income. The shipping and handling costs approximated $57.4 million, $46.2 million, and $33.5 million, in fiscal years 2002, 2001, and 2000, respectively. As a percent of revenues, they represented 2.7%, 2.3%, and 1.9% in 2002, 2001, and 2000, respectively. We bill our wholesale customers for shipping and handling costs and record such revenues in net sales upon shipment.

NET INCOME PER SHARE

Basic net income per share was calculated by dividing net income by the weighted-average number of shares outstanding during the period, excluding any potential dilution. Diluted net income per share was calculated similarly but includes potential dilution from the exercise of stock options and awards. The difference between the basic and diluted weighted-average shares outstanding is due to the dilutive effect of stock options and restricted stock awards issued under our stock option plans, which were 1,052,376; 673,200; and 108,788 shares for fiscal 2002, 2001, and 2000.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board, or "FASB", issued Statement of Financial Accounting Standards, or SFAS No. 141 and SFAS No. 142. In addition to requiring the use of the purchase method for all business combinations, SFAS No. 141 requires intangible assets that meet certain criteria to be recognized as assets apart from goodwill. SFAS No. 142 addresses accounting and reporting standards for acquired goodwill and other intangible assets and generally, requires that goodwill and indefinite life intangible assets no longer be amortized but be tested for impairment annually. Intangible assets that have finite lives will continue to be amortized over their useful lives. SFAS No. 141 and SFAS No. 142 are effective for the Company's first quarter in the fiscal year ending March 29, 2003 or for any business combinations initiated after June 30, 2001. As a result of these pronouncements, goodwill arising from the acquisitions of PRL Fashions and the Polo Brussels SA store are not being amortized. The Company is currently evaluating the impact of adopting these pronouncements on its consolidated financial position and results of operations. The Company expects a reduction in amortization expense of approximately $9.0 million for fiscal 2003.

In August 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for the first quarter in the fiscal year ending April 3, 2004. The Company does not expect the adoption of this pronouncement to have a material impact on our consolidated results of operations or financial position.

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This Statement addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. SFAS No. 144 supersedes FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. However, this Statement retains the fundamental provisions of Statement 121 for (a) recognition and measurement of the impairment of long-lived assets to be held and used and (b) measurement of long-lived assets to be disposed of by sale. SFAS No. 144 is effective for the first quarter in the fiscal year ending March 29, 2003. The Company is currently evaluating the impact of adopting this pronouncement on our consolidated results of operations.

In April 2002, the FASB, issued SFAS No. 145, Recission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. In addition to amending and rescinding other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions, SFAS No. 145 precludes companies from recording gains and losses from the extinguishment of debt as an extraordinary item. SFAS No. 145 is effective for our first quarter in the fiscal year ending April 3, 2004. The Company does not expect the adoption of this pronouncement to have a material impact on our consolidated results of operations or financial position.

In April 2001, the FASB's Emerging Issues Task Force (EITF") reached a consensus on Issue No. 00-25, Vendor Income Statement Characteristics of Consideration Paid to a Reseller of the Vendor's Products ("EITF No. 00-25"). In November 2001, EITF No. 00-25 was codified in EITF Issue No. 01-09, Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products). EITF No. 01-09 concluded that consideration from a vendor to a reseller of the vendor's products is presumed to be a reduction of the selling prices of the vendor's products and, therefore, should be characterized as a reduction of revenue when recognized in the vendor's income statement. That presumption is overcome and the consideration characterized as a cost incurred if a benefit is or will be received from the recipient of the consideration if certain conditions are met. The Company adopted this pronouncement in our fourth quarter in the fiscal year ended March 30, 2002 and there was no impact on our consolidated results of operations.

RECLASSIFICATIONS

For comparative purposes, certain prior period amounts have been reclassified to conform to the current period's presentation.

3. RESTRUCTURING AND SPECIAL CHARGES

(a) 2001 OPERATIONAL PLAN

During the second quarter of fiscal 2001, we completed an internal operational review and formalized our plans to enhance the growth of our worldwide luxury retail business, to better manage inventory and to increase our overall profitability (the "Operational Plan"). The major initiatives of the Operational Plan included: refining our retail strategy; developing efficiencies in our supply chain; and consolidating corporate strategic business functions and internal processes.

In connection with refining our retail strategy, we closed all 12 Polo Jeans Co. full-price retail stores and 11 underperforming Club Monaco retail stores. Costs associated with this aspect of the Operational Plan included lease and contract termination costs, store fixed asset write downs (primarily leasehold improvements of $21.5 million) and severance and termination benefits.

Additionally, as a result of changes in market conditions combined with our change in retail strategy in certain locations in which we operate full-price retail stores, we performed an evaluation of the recoverability of the assets of certain of these stores in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. We concluded from the results of this evaluation that a significant permanent impairment of long-lived assets had occurred. Accordingly, we recorded a write down of these assets (primarily leasehold improvements) to their estimated fair value based on discounted future cash flows.

In connection with the implementation of the Operational Plan, we recorded a pretax restructuring charge of $128.6 million in our second quarter of fiscal 2001, subsequently adjusted for a $5.0 million reduction of liabilities in the fourth quarter of fiscal 2001. After extensive review of the Operational Plan, and changes in business conditions in certain markets in which we operate, we made adjustments to the Operational Plan in the fourth quarter of fiscal 2002. We recorded an additional $16.0 million of lease termination costs associated with the closure of our retail stores due to market factors that were less favorable than originally estimated. The major components of the charge and the activity through March 30, 2002, were as follows:

	SEVERANCE AND TERMINATION BENEFITS	ASSET WRITE DOWNS	LEASE AND CONTRACT TERMINATION COSTS	OTHER COSTS	TOTAL
2001 provision..............	$ 7,947	$ 98,835	$ 15,638	$1,134	$ 123,554
2001 activity...............	(5,005)	(98,835)	(11,469)	(352)	(115,661)
Balance at March 31, 2001....	2,942	--	4,169	782	7,893
2002 activity...............	(2,150)	--	(6,014)	(767)	(8,931)
Additional provision.........	--	--	16,000	--	16,000
Balance at March 30, 2002....	$ 792	$ --	$ 14,155	$ 15	$ 14,962

Our operational review also targeted our supply chain management as one of the most important areas for improvement. In connection with initiating this aspect of the Operational Plan, we recorded $37.9 million of inventory write downs in our second quarter of fiscal year 2001

associated with our planned acceleration in the reduction of aged inventory. In the fourth quarter of fiscal 2001, we determined that the original provision was not sufficient and recorded additional inventory write downs of $3.6 million. These charges are reflected in cost of goods sold in the accompanying consolidated statement of income.

Our Operational Plan also included the consolidation of certain corporate strategic business functions and internal processes. Costs associated with this aspect of the plan included the termination of operating contracts, streamlining of certain corporate and operating functions, and employee-related matters.

These costs aggregated $18.1 million and are included in selling, general and administrative expenses in the accompanying consolidated statement of income.

Total severance and termination benefits as a result of the Operational Plan related to approximately 550 employees, all of whom have been terminated. Total cash outlays related to the Operational Plan are expected to be approximately $40.7 million, $25.7 million of which have been paid through March 30, 2002. We completed the implementation of the Operational Plan in fiscal 2002 and expect to settle the remaining liabilities in fiscal 2003.

(B) 1999 RESTRUCTURING PLAN

During the fourth quarter of fiscal 1999, we formalized our plans to streamline operations within our wholesale and retail operations and reduce our overall cost structure (the "Restructuring Plan"). The major initiatives of the Restructuring Plan included the following: an evaluation of our retail operations and site locations; the realignment and operational integration of our wholesale operating units; and the realignment and consolidation of corporate strategic business functions and internal processes.

In an effort to improve the overall profitability of our retail operations, we closed three Polo stores and three outlet stores that were not performing at an acceptable level. Additionally, we converted two Polo stores and five outlet stores to new concepts expected to be more productive. Costs associated with this aspect of the Restructuring Plan included lease and contract termination costs, store fixed asset (primarily leasehold improvements) and intangible asset write downs and severance and termination benefits.

Our wholesale operations were realigned into two new operating units: Polo Brands and Collection Brands. Aspects of this realignment included: (i) the reorganization of the sales force and retail development areas; (ii) the streamlining of the design and development process; and (iii) the consolidation of the customer service departments. Additionally, we integrated the sourcing and production of our Polo Brands, outlet store and licensees' products into one consolidated unit. Costs associated with the wholesale realignment consisted primarily of severance and termination benefits and lease termination costs. Our review of our corporate business functions and internal processes resulted in a new management structure designed to better align businesses with similar functions and to identify and eliminate duplicative processes. Costs associated with the corporate realignment consisted primarily of severance and termination benefits and lease and contract termination costs.

In connection with the implementation of the Restructuring Plan, we recorded a pretax restructuring charge of $58.6 million in our fourth quarter of fiscal 1999. The major components of the restructuring charge and the activity through March 30, 2002, were as follows:

	SEVERANCE AND TERMINATION BENEFITS	ASSET WRITE DOWNS	LEASE AND CONTRACT TERMINATION COSTS	OTHER COSTS	TOTAL
1999 provision	$15,277	$ 17,788	$ 24,665	$ 830	$ 58,560
1999 activity	(3,318)	(17,788)	(1,112)	(105)	(22,323)
Balance at April 3, 1999	11,959	--	23,553	725	36,237
2000 activity	(4,694)	--	(18,675)	(585)	(23,954)
Balance at April 1, 2000	7,265	--	4,878	140	12,283
2001 activity	(3,019)	--	(3,131)	(140)	(6,290)
Balance at March 31, 2001	4,246	--	1,747	--	5,993
2002 activity	(2,790)	--	(521)	--	(3,311)
Balance at March 30, 2002	$ 1,456	$ --	$ 1,226	$ --	$ 2,682

After extensive review of the Restructuring Plan, and changes in business conditions in certain markets in which we operate, we made adjustments to the Restructuring Plan and incurred other restructuring-related costs in fiscal 2000. These adjustments included the following: (i) a $0.9 million reduction of the liability for lease and contract termination costs resulting from the overestimation of costs associated with the closure and conversion of our retail stores due to improved market conditions; and (ii) a $0.9 million charge for the underestimation of severance and termination benefits recorded in the Restructuring Plan. The above adjustments had no net impact.

Total severance and termination benefits as a result of the Restructuring Plan related to 280 employees, all of whom have been terminated. Total cash outlays related to the Restructuring Plan are approximately $39.5 million, $36.8 million of which have been paid through March 30, 2002. We completed the implementation of the Restructuring Plan in fiscal 2000 and expect to settle the remaining liabilities in accordance with contract terms which extend until fiscal 2003.

4. INVENTORIES

	MARCH 30, 2002	MARCH 31, 2001
Raw materials	$ 3,874	$ 7,024
Work-in-process	5,469	6,251
Finished goods	340,475	412,319
	$349,818	$425,594

5. PROPERTY AND EQUIPMENT

	MARCH 30, 2002	MARCH 31, 2001
Land and improvements	$ 3,720	$ 3,408
Buildings	17,250	17,249
Furniture and fixtures	258,816	229,824
Machinery and equipment	105,136	92,289
Leasehold improvements	318,734	298,033
	703,656	640,803
Less: accumulated depreciation and amortization	359,820	293,046
	$343,836	$347,757

6. ACCRUED EXPENSES AND OTHER

	MARCH 30, 2002	MARCH 31, 2001
Accrued operating expenses	$ 74,537	$108,441
Accrued payroll and benefits	25,124	37,760
Accrued restructuring charges	17,644	13,886

Accrued shop-within-shops	11,187	15,085
	$128,492	$175,172

7. FINANCING AGREEMENTS

On June 9, 1997, we entered into a credit facility with a syndicate of banks which consists of a $225.0 million revolving line of credit available for the issuance of letters of credit, acceptances and direct borrowings and matures on December 31, 2002 (the "Credit Facility"). Borrowings under the Credit Facility bear interest, at our option, at a Base Rate equal to the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of one percent, and the prime commercial lending rate of The Chase Manhattan Bank in effect from time to time, or at the Eurodollar Rate (LIBOR) plus an interest margin.

On March 30, 1999, in connection with our acquisition of Club Monaco, we entered into a $100.0 million senior credit facility (the "1999 Credit Facility") with a syndicate of banks consisting of a $20.0 million revolving line of credit and an $80.0 million term loan (the "Term Loan"). The revolving line of credit is available for working capital needs and general corporate purposes and matures on June 30, 2003. The Term Loan was used to finance the acquisition of the stock of Club Monaco and to repay existing indebtedness of Club Monaco. The Term Loan is repayable on June 30, 2003. Borrowings under the 1999 Credit Facility bear interest, at our option, at a Base Rate equal to the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of one percent, and the prime commercial lending rate of The Chase Manhattan Bank in effect from time to time, or at the Eurodollar Rate (LIBOR) plus an interest margin. In April 1999, we entered into interest rate swap agreements with a notional amount of $100.0 million to convert the variable interest rate on the 1999 Credit Facility to a fixed rate of 5.5% (see Note 9).

The Credit Facility and 1999 Credit Facility (the "Credit Facilities") contain customary representations, warranties, covenants and events of default, including covenants regarding

maintenance of net worth and leverage ratios, limitations on indebtedness, loans, investments and incurrences of liens, and restrictions on sales of assets and transactions with affiliates. Additionally, the agreements provide that an event of default will occur if Mr. Lauren and related entities fail to maintain a specified minimum percentage of the voting power of our common stock. On October 18, 2000, we received consent from our lenders under the Credit Facilities permitting us to incur the charges we recorded in connection with the Operational Plan (see Note 3) up to specified thresholds.

On November 22, 1999, we issued Euro 275.0 million of 6.125% Notes (the "Eurobonds") due November 2006 (the "Eurobond Offering"). The Eurobonds are listed on the London Stock Exchange. The net proceeds from the Eurobond Offering were $281.5 million based on the Euro exchange rate on the issuance date. A portion of the net proceeds from the issuance was used to finance the acquisition of stock and certain assets of Poloco while the remaining net proceeds were retained for general corporate purposes. Interest on the Eurobonds is payable annually. During fiscal 2002 and 2001, we repurchased Euro 11.9 million and Euro 27.5 million of our outstanding Eurobonds, or $10.6 million and $25.3 million, respectively, based on Euro exchange rates. The loss on this early extinguishment of debt was not material.

In connection with the Poloco acquisition, we assumed borrowings under short-term facilities which represent overdraft positions on bank accounts. These borrowings bore interest at 0.5% to 1.0% over the Euro Overnight Indexed Average which was 3.39%, 5.16% and 3.75% at March 30, 2002, March 31, 2001 and April 1, 2000, respectively.

At March 30, 2002, we had $33.0 million outstanding in direct borrowings, $80.0 million outstanding under the Term Loan and $205.0 million outstanding in Eurobonds based on the year-end Euro exchange rate. We were also contingently liable for $17.2 million in outstanding letters of credit related primarily to commitments for the purchase of inventory. At March 31, 2001, we had $86.1 million outstanding in direct borrowings, $80.0 million outstanding under the Term Loan and $217.0 million outstanding in Eurobonds based on the year-end Euro exchange rate. The Credit Facilities bore interest primarily at the institution's prime rate. The weighted average interest rate on borrowings was 5.9%, 6.3%, and 6.1% in fiscal 2002, 2001, and 2000, respectively.

8. INCOME TAXES

The components of the provision for income taxes were as follows:

	FISCAL YEAR		
	2002	2001	2000
Current:			
Federal	$ 58,529	$ 27,984	$ 71,565
State and local	6,457	21,605	17,398
Foreign	17,297	12,533	5,698
	82,283	62,122	94,661
Deferred:			
Federal	15,835	(11,689)	4,527
State and local	4,672	(12,367)	2,234
Foreign	709	626	--
	21,216	(23,430)	6,761
	$103,499	$ 38,692	$101,422

The foreign and domestic components of income (loss) before income taxes were as follows:

	FISCAL YEAR		
	2002	2001	2000
Domestic	$287,291	$127,071	$215,270
Foreign	(11,292)	(29,117)	33,616
	$275,999	$ 97,954	$248,886

The deferred tax assets reflect the net tax effect of temporary differences, primarily net operating loss carryforwards, property and equipment and accounts receivable, between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income

tax purposes. The components of the net deferred tax assets at March 30, 2002 and March 31, 2001 were as follows:

	MARCH 30, 2002	MARCH 31, 2001
DEFERRED TAX ASSETS:		
Net operating loss carryforwards	$33,390	$ 30,651
Property and equipment	24,530	27,622
Accounts receivable	5,233	14,785
Uniform inventory capitalization	6,219	8,217
Deferred compensation	9,206	6,628
Restructuring reserves	8,134	5,106
Trademark expenses	116	4,473
Accrued expenses	1,900	2,057
Accrued royalty income	--	1,941
Other	11,057	13,246
	99,785	114,726
Less: Valuation allowance	23,761	22,426
	$76,024	$ 92,300

We have available Federal net operating loss carryforwards of approximately $13.1 million and state net operating loss carryforwards of approximately $148.0 million for tax purposes to offset future taxable income. The net operating loss carryforwards expire beginning in fiscal 2004. The utilization of the Federal net operating loss carryforwards is subject to the limitations of Internal Revenue Code Section 382 which applies following certain changes in ownership of the entity generating the loss carryforward. As a result of the limitation of Section 382, we believe that approximately $3.3 million of the Federal net operating loss carryforwards will expire and not be utilized. A valuation allowance has been recorded against such net operating losses.

Also, we have available additional state and foreign net operating loss carryforwards of approximately $10.8 million and $62.9 million for which no net deferred tax asset has been recognized. A full valuation allowance has been recorded since we do not believe that we will more likely than not be able to utilize these carryforwards to offset future taxable income. Subsequent recognition of a substantial portion of the deferred tax asset relating to these Federal, state and foreign net operating loss carryforwards would result in a reduction of goodwill recorded in connection with acquisitions. Additionally, we have recorded a valuation allowance against certain other deferred tax assets relating to our Canadian operations. Subsequent recognition of these deferred tax assets, as well as a portion of the foreign net operating loss carryforwards, would result in an income tax benefit in the year of such recognition.

Provision has not been made for United States or additional foreign taxes on approximately $68 million of undistributed earnings of foreign subsidiaries. Those earnings have been and will continue to be reinvested. These earnings could become subject to tax if they were remitted as dividends, if foreign earnings were lent to PRLC or a subsidiary or U.S. affiliate of PRLC, or if the stock of the subsidiaries were sold. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practical. We believe that the amount of the additional taxes that might be payable on the earnings of foreign subsidiaries, if remitted, would be partially offset by United States foreign tax credits.

The historical provision for income taxes in fiscal 2002, 2001 and 2000 differs from the amounts computed by applying the statutory Federal income tax rate to income before income taxes due to the following:

FISCAL YEAR

	2002	2001	2000
Provision for income taxes at statutory Federal rate	$ 96,600	$34,284	$ 87,110
Increase (decrease) due to:			
State and local income taxes, net of Federal Benefit	7,233	6,005	12,761
Foreign income taxes, net	(7,308)	(2,499)	753
Other	6,974	902	798
	$103,499	$38,692	$101,422

9. FINANCIAL INSTRUMENTS

In April 1999, we entered into interest rate swap agreements with commercial banks which expire in 2003 to hedge against interest rate fluctuations. The swap agreements effectively convert borrowings under the 1999 Credit Facility from variable rate to fixed rate obligations. Under the terms of these agreements, we make payments at a fixed rate of 5.5% and receive payments from the counterparty based on the notional amount of $100.0 million at a variable rate based on the London Inter-Bank Offer Rate ("LIBOR"). The net interest paid or received on this arrangement is included in interest expense. The fair value of these agreements was based upon the estimated amount that we would have to pay to terminate the agreements, as determined by the financial institutions. The fair value of these agreements was an unrealized loss of $2.6 million at March 30, 2002, of which, approximately $2.3 million is expected to be reclassified into earnings during fiscal 2003; and an unrealized loss of $1.4 million at March 31, 2001.

We enter into forward foreign exchange contracts as hedges relating to identifiable currency positions to reduce our risk from exchange rate fluctuations on inventory purchases. Gains and losses on these contracts are deferred and recognized as adjustments to the basis of those assets. At March 30, 2002 we had foreign exchange contracts outstanding as follows: (i) to deliver Euro 39.3 million in fiscal 2003 in exchange for $34.6 million; and (ii) to deliver 12.7 million British Pounds in fiscal 2003 in exchange for $18.0 million. The fair value of these contracts resulted in an unrealized gain of approximately $0.4 million at March 30, 2002. At March 31, 2001, we had foreign exchange contracts outstanding as follows: (i) to receive 60 million French Francs in fiscal 2001 in exchange for 5.6 million British Pounds; (ii) to deliver 279 million French Francs in fiscal 2001 in exchange for $50.0 million; (iii) to deliver 1.5 million British Pounds in fiscal 2001 in exchange for Euro 2.5 million; and (iv) to deliver $1.3 million in fiscal 2001 in exchange for Euro 1.5 million. The fair value of these contracts resulted in an unrealized gain of approximately $10.0 million at March 31, 2001.

The carrying amounts of financial instruments reported in the accompanying consolidated balance sheets at March 30, 2002, and March 31, 2001, approximated their estimated fair values, except for the Eurobonds, primarily due to either the short-term maturity of the instruments or their adjustable market rate of interest. The fair value of the Eurobonds, net of discounts, was $205.4 million and $217.1 million as of March 30, 2002 and March 31, 2001, based on its quoted market price as listed on the London Stock Exchange. In addition, because we have designated a portion of our Eurobond (as defined -- see Note 7) debt as a hedge of our net investment in a foreign subsidiary, changes in the fair value of the Eurobonds resulting from changes in the

Eurodollar Rate, which are attributable to the hedged portion of the debt, are reported net of income taxes in other comprehensive income as an unrealized foreign currency translation adjustment.

Considerable judgment is required in interpreting certain market data to develop estimated fair values for certain financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange.

10. CONCENTRATION OF CREDIT RISK

We sell our merchandise primarily to major upscale department stores across the United States and extend credit based on an evaluation of the customer's financial condition generally without requiring collateral. Credit risk is driven by conditions or occurrences within the economy and the retail industry and is principally dependent on each customer's financial condition. A decision by the controlling owner of a group of stores or any substantial customer to decrease the amount of merchandise purchased from us or to cease carrying our products could have a material adverse effect. We had three customers who in aggregate constituted approximately 35% and 52% of trade accounts receivable outstanding at March 30, 2002 and March 31, 2001.

We had three significant customers who accounted for approximately 10%, 9% and 9% each of net sales, in fiscal 2002. We had three significant customers who accounted for approximately 11%, 10% and 10% each of net sales in fiscal 2001, and for approximately 12%, 11% and 10% each of net sales in fiscal 2000. Additionally, we had four significant licensees who in aggregate constituted approximately 55%, 53% and 58% of licensing revenue in fiscal 2002, 2001 and 2000.

We monitor credit levels and the financial condition of our customers on a continuing basis to minimize credit risk. We believe that adequate provision for credit loss has been made in the accompanying consolidated financial statements.

We are also subject to concentrations of credit risk with respect to our cash and cash equivalents, marketable securities, interest rate swap agreements and forward foreign exchange contracts which we attempt to minimize by entering into these arrangements with major banks and financial institutions and investing in high-quality instruments. We do not expect any counterparties to fail to meet their obligations.

11. EMPLOYEE BENEFITS

PROFIT SHARING RETIREMENT SAVINGS PLANS

We sponsor two defined contribution benefit plans covering substantially all eligible U.S. employees not covered by a collective bargaining agreement. The plans include a savings plan feature under Section 401(k) of the Internal Revenue Code. We make discretionary contributions to the plans and contribute an amount equal to 50% of the first 6% of an employee's contribution. Under the terms of the plans, a participant is 100% vested in our matching and discretionary contributions after five years of credited service. Contributions under these plans approximated \$6.0 million, \$7.4 million and \$4.3 million in fiscal 2002, 2001 and 2000.

UNION PENSION

We participate in a multi-employer pension plan and are required to make contributions to the Union of Needletrades Industrial and Textile Employees (the "Union") for dues based on wages paid to union employees. A portion of these dues is allocated by the Union to a retirement fund which provides defined benefits to substantially all unionized workers. We do not participate

in the management of the plan and have not been furnished with information with respect to the type of benefits provided, vested and nonvested benefits or assets.

Under the Employee Retirement Income Security Act of 1974, as amended, an employer, upon withdrawal from or termination of a multi-employer plan, is required to continue funding its proportionate share of the plan's unfunded vested benefits. Such withdrawal liability was assumed in conjunction with the acquisition of certain assets from a nonaffiliated licensee. We have no current intention of withdrawing from the plan.

DEFERRED COMPENSATION

We have deferred compensation arrangements for certain key executives which generally provide for payments upon retirement, death or termination of employment. The amounts accrued under these plans were $20.3 million and $18.1 million at March 30, 2002, and March 31, 2001, and are reflected in other noncurrent liabilities in the accompanying consolidated balance sheets. Total compensation expense related to these compensation arrangements was $3.6 million, $3.2 million and $2.6 million in fiscal 2002, 2001, and 2000. We fund a portion of these obligations through the establishment of trust accounts on behalf of the executives participating in the plans. The trust accounts are reflected in other assets in the accompanying consolidated balance sheets.

12. COMMON STOCK

All of our outstanding Class B common stock is owned by Mr. Ralph Lauren and related entities and all of our outstanding Class C common stock is owned by certain investment funds affiliated with The Goldman Sachs Group, Inc. (collectively, the "GS Group"). Shares of Class B common stock are convertible at any time into shares of Class A common stock on a one-for-one basis and may not be transferred to anyone other than affiliates of Mr. Lauren. Shares of Class C common stock are convertible at any time into shares of Class A common stock on a one-for-one basis and may not be transferred to anyone other than members of the GS Group. The holders of Class A common stock generally have rights identical to holders of Class B common stock and Class C common stock, except that holders of Class A common stock and Class C common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share. Holders of all classes of common stock entitled to vote will vote together as a single class on all matters presented to the stockholders for their vote or approval except for the election and the removal of directors and as otherwise required by applicable law. Class A common stock, Class B common stock and Class C common stock are collectively referred to herein as "Common Stock."

13. STOCK INCENTIVE PLANS

On June 9, 1997, our Board of Directors adopted the 1997 Long-Term Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan authorizes the grant of awards to any officer or other employee, consultant to, or director with respect to a maximum of 10.0 million shares of our Class A common stock (the "Shares"), subject to adjustment to avoid dilution or enlargement of intended benefits in the event of certain significant corporate events, which awards may be made in the form of: (i) nonqualified stock options; (ii) stock options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code; (iii) stock appreciation rights; (iv) restricted stock and/or restricted stock units; (v) performance awards; and (vi) other stock-based awards. On June 13, 2000, our Board of Directors increased the maximum number of Shares that can be granted under the Stock Incentive Plan to 20.0 million

shares, which was approved by the stockholders on August 17, 2000. At March 30, 2002, we had 8.8 million Shares reserved for issuance under this plan.

On June 9, 1997, our Board of Directors adopted the 1997 Stock Option Plan for Non-Employee Directors (the "Non-Employee Directors Plan"). Under the Non-Employee Directors Plan, grants of options to purchase up to 500,000 Shares may be granted to non-employee directors. Stock options vest in equal installments over two years and expire ten years from the date of grant. In fiscal 2002, 2001 and 2000, our Board of Directors granted options to purchase 19,500, 12,250, and 12,000 Shares with exercise prices equal to the stock's fair market value on the date of grant. At March 30, 2002, we had 390,250 options reserved for issuance under this plan.

Stock options were granted in fiscal 2002, 2001, and 2000 under the plans with an exercise price equal to the stock's fair market value on the date of grant. These options vest in equal installments primarily over three years for officers and other key employees and over two years for all remaining employees and non-employee directors. The options expire ten years from the date of grant. No compensation cost has been recognized in the accompanying consolidated financial statements in accordance with APB No. 25. If compensation cost had been recognized for stock options granted under the plans based on the fair value of the stock options at the grant date in accordance with SFAS No. 123, our historical net income and net income per share in fiscal 2002, 2001, and

2000 would have been reduced to the following pro forma amounts:

	FISCAL YEAR		
	2002	2001	2000
Pro forma net income	$151,313	$43,120	$128,000
Pro forma net income per share --			
Basic	1.55	0.45	1.29
Diluted	1.54	0.44	1.29

We used the Black-Scholes option-pricing model to determine the fair value of grants made. The weighted-average fair value of options granted was $22.03, $11.14, and $12.33 per share in fiscal 2002, 2001 and 2000. The following assumptions were applied in determining the fair value of options granted:

	FISCAL YEAR		
	2002	2001	2000
Risk-free interest rate	4.65%	6.35%	5.81%
Expected dividend yield	0%	0%	0%
Weighted-average expected option life	6.0yrs	6.0yrs	6.0yrs
Expected stock price volatility	105%	85.0%	65.0%

Stock option activity for the Stock Incentive Plan and Non-Employee Directors Plan in fiscal 2002, 2001 and 2000 was as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
BALANCE AT APRIL 3, 1999	5,298	$26.53
Granted	2,767	19.07
Exercised	--	--
Forfeited	(815)	25.64
BALANCE AT APRIL 1, 2000	7,250	$23.77
Granted	2,831	14.73
Exercised	(449)	22.95
Forfeited	(764)	22.00
BALANCE AT MARCH 31, 2001	8,868	$20.79
Granted	2,450	26.59
Exercised	(1,155)	21.20
Forfeited	(709)	21.75
BALANCE AT MARCH 30, 2002	9,454	$22.16

Additional information relating to options outstanding as of March 30, 2002, was as follows:

RANGE OF	NUMBER	WEIGHTED-AVERAGE REMAINING	WEIGHTED-AVERAGE EXERCISE PRICE OF	NUMBER	WEIGHTED-AVERAGE EXERCISE PRICE OF

EXERCISE PRICES	OUTSTANDING	CONTRACTUAL LIFE	OPTIONS OUTSTANDING	EXERCISABLE	EXERCISABLE OPTIONS
$13.94 - $17.06	2,130	8.2	$14.33	711	$14.34
$17.13 - $19.56	1,666	7.2	19.01	1,121	19.02
$20.19 - $25.69	299	7.9	21.86	157	21.51
$26.00 - $29.91	5,359	7.1	26.74	3,054	26.77
	9,454	7.4	$22.16	5,044	$23.13

In March 1998, our Board of Directors authorized the repurchase, subject to market conditions, of up to $100.0 million of our Shares. Share repurchases were made in the open market over the two-year period which commenced April 1, 1998. The Board of Directors authorized the extension of the stock repurchase program through March 31, 2004. Shares acquired under the repurchase program will be used for stock option programs and for other corporate purposes. The repurchased shares have been accounted for as treasury stock at cost. As of March 30, 2002, we had repurchased 3,876,506 shares of our Class A common stock at an aggregate cost of $73.2 million.

14. COMMITMENTS AND CONTINGENCIES

LEASES

We lease office, warehouse and retail space and office equipment under operating leases which expire through 2029. As of March 30, 2002, aggregate minimum annual rental payments

under noncancelable operating leases with lease terms in excess of one year were payable as follows:

FISCAL YEAR ENDING	
2003	$ 83,218
2004	77,090
2005	71,122
2006	62,270
2007	52,395
Thereafter	306,952
	$653,047

Rent expense charged to operations was $83.2 million, $75.6 million and $66.7 million, net of sublease income of $0.4 million, $2.2 million, and $1.7 million, in fiscal 2002, 2001 and 2000. Substantially all outlet and retail store leases provide for contingent rentals based upon sales and require us to pay taxes, insurance and occupancy costs. Certain rentals are based solely on a percentage of sales, and one significant lease requires a fair market value adjustment at January 1, 2004. Contingent rental charges included in rent expense were $6.2 million, $6.1 million, and $5.3 million in fiscal 2002, 2001 and 2000.

EMPLOYMENT AGREEMENTS

We are party to employment agreements with certain executives which provide for compensation and certain other benefits. The agreements also provide for severance payments under certain circumstances.

TAXES

The predecessor of Poloco, which we acquired in January 2000, has been subject to a tax audit in France for the years 1996, 1997 and 1998. In late December 1999, the French tax authorities issued a notification preliminarily advising that additional taxes, penalties and interest would be due for the years in question. Poloco and its former parent, S.A. Louis Dreyfus ("Dreyfus") are contesting the assessment. We are indemnified by Dreyfus under the purchase agreement.

LEGAL MATTERS

In January 1999, two actions were filed in California naming as defendants more than a dozen United States-based companies that source apparel garments from Saipan (Commonwealth of the Northern Mariana Islands) and a large number of Saipan-based factories. The actions assert that the Saipan factories engage in unlawful practices relating to the recruitment and employment of foreign workers and that the apparel companies, by virtue of their alleged relationships with the factories, have violated various Federal and state laws. One action, filed in California Superior Court in San Francisco by a union and three public interest groups, alleges unfair competition and false advertising and seeks equitable relief, unspecified amounts for restitution and disgorgement of profits, interest and an award of attorney's fees. The second, filed in Federal Court for the Central District of California and subsequently transferred to the United States District Court for the District of Hawaii and then to the United States District Court in Saipan, was brought on behalf of a purported class consisting of the Saipan factory workers. It alleges claims under the Federal civil RICO statute, Federal peonage and involuntary servitude

laws, the Alien Tort Claims Act, and state tort law, and seeks equitable relief and unspecified damages, including treble and punitive damages, interest and an award of attorney's fees. Although we were not named as a defendant in these suits, we source products in Saipan, and counsel for the plaintiffs in these actions informed us that we are a potential defendant in these or similar actions. We have since entered into an agreement, together with other potential defendants, to settle any claims for nonmaterial consideration. The settlement is subject to court approval. On May 10, 2002, the Federal Court certified the plaintiff class and granted preliminary approval of the settlement agreement. A hearing on final approval is expected to be held after notice of the settlement is sent to potential settlement class members. Certain non-settling defendants have filed a petition with the United States Court of Appeals for the Ninth Circuit for permission to appeal the class certification. We have denied any liability and are not in a position to evaluate the likelihood of a favorable or unfavorable outcome if the final approval of the settlement is not received and litigation proceeds.

As part of the settlement, we were named as a defendant, along with certain other apparel companies, in a State Court action in California styled Union of Needletrades Industrial and Textile Employees, et al. v. Brylane, L.P., et al., in the San Francisco County Superior Court, and in a Federal Court action styled Doe I et. al. V. Brylane, L.P. et. al. In the United States District Court for the District of Hawaii, that mirrors portions of the larger State and Federal Court actions but does not include RICO and certain of the other claims alleged in those actions. The California action was subsequently dismissed as part of the settlement, and the federal action was transferred to the United States District Court of Saipan. The federal action is expected to remain inactive unless settlement is not finally approved by the Federal Court.

On October 1, 1999, we filed a lawsuit against the United States Polo Association Inc., Jordache, Ltd. and certain other entities affiliated with them, alleging that the defendants were infringing on our famous trademarks. This lawsuit continues to proceed as both sides are awaiting the court's decision on various motions. In connection with this lawsuit, on July 19, 2001, the United States Polo Association and Jordache filed a lawsuit against us in the United States District Court for the Southern District of New York. This suit, which is effectively a counterclaim by them in connection with the original trademark action, asserts claims related to our actions in connection with our pursuit of claims against the United States Polo Association and Jordache for trademark infringement and other unlawful conduct. Their claims stem from our contacts with the United States Polo Association's and Jordache's retailers in which we informed these retailers of our position in the original trademark action. The United States Polo Association and Jordache seek $50 million in compensatory damages and $50 million in punitive damages from us. This new suit has been consolidated with the original trademark action for purposes of discovery and trial. We believe that the United States Polo Association's and Jordache's claims are substantially without merit and intend to pursue our claims and defend against those of the United States Polo Association and Jordache vigorously.

We are from time to time involved in legal claims, involving trademark and intellectual property, licensing, employee relations and other matters incidental to our business. In our opinion, the resolution of any matter currently pending will not have a material adverse effect on our consolidated financial condition or results of operations.

15. QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of certain unaudited quarterly financial information for fiscal 2002 and 2001 (see Basis of Presentation and Organization -- (b) Consolidation of European Entities -- Change in Reporting Period and Note 3):

FISCAL 2002	JUNE 30, 2001	SEPT. 29, 2001	DEC. 29, 2001	MARCH 30, 2002
Net revenues	$517,829	$595,695	$617,095	$633,088
Gross profit	262,361	285,640	287,009	311,793
Net income	31,051	47,810	45,614	48,025
Net income per share --				
Basic	$ 0.32	$ 0.49	$ 0.47	$ 0.49
Diluted	0.32	0.49	0.46	0.48
Shares outstanding -- Basic	97,109	97,437	97,506	97,814
Shares outstanding -- Diluted	98,493	98,483	98,504	99,146

FISCAL 2001	JULY 1, 2000	SEPT. 30, 2000	DEC. 30, 2000	MARCH 31, 2001
Net revenues	$487,297	$586,217	$613,740	$538,520
Gross profit	252,547	250,133	297,520	262,847
Net income (loss)	23,983	(62,821)	50,603	47,497
Net income (loss) per share --				
Basic	$ 0.25	$ (0.65)	$ 0.52	$ 0.49
Diluted	0.25	(0.65)	0.52	0.48
Shares outstanding -- Basic	97,092	96,713	96,530	96,740
Shares outstanding -- Diluted	97,350	97,256	97,347	98,164

16. SEGMENT REPORTING

We have three reportable business segments: wholesale, retail and licensing. Our reportable segments are individual business units that offer different products and services. The segments are managed separately because each segment requires different strategic initiatives, promotional campaigns, marketing and advertising, based upon its own individual positioning in the market. Additionally, these segments reflect the reporting basis used internally by senior management to evaluate performance and the allocation of resources.

Our wholesale segment consists of two operating units: Polo Brands and Collection Brands. Each unit designs, sources, markets and distributes discrete brands. Both units primarily sell products to major department and specialty stores and to our owned and licensed retail stores.

The retail segment operates two types of stores: outlet and full-price stores, including flagship stores. The stores sell our products purchased from our wholesale segment, our licensees and our suppliers.

The licensing segment, which consists of product, international and Ralph Lauren Home, generates revenues from royalties through its licensing alliances. The licensing agreements grant the licensee rights to use our various trademarks in connection with the manufacture and sale of designated products in specified geographical areas.

The accounting policies of the segments are consistent with those described in Note 2, Significant Accounting Policies. Intersegment sales and transfers are recorded at cost and treated

as a transfer of inventory. All intercompany revenues and profits or losses are eliminated in consolidation. We do not review these sales when evaluating segment performance. We evaluate each segment's performance based upon income or loss from operations before interest, nonrecurring gains and losses and income taxes. Corporate overhead expenses are allocated to each segment based upon each segment's usage of corporate resources.

Our net revenues, income from operations, depreciation and amortization expense and capital expenditures for fiscal 2002, 2001, and 2000 , and total assets as of March 30, 2002, March 31, 2001 and April 1, 2000, for each segment were as follows:

	FISCAL YEAR		
	2002	2001	2000
NET REVENUES:			
Wholesale	$1,198,060	$1,053,842	$ 885,246
Retail	924,273	928,577	833,980
Licensing	241,374	243,355	236,302
	$2,363,707	$2,225,774	$1,955,528
INCOME FROM OPERATIONS:			
Wholesale	$ 158,401	$ 127,040	$ 81,139
Retail	18,799	27,710	26,176
Licensing	132,012	145,598	149,900
	309,212	300,348	257,215
Less: Unallocated restructuring and special charges	16,000	183,127	--
Add: Cumulative effect of pre-tax accounting change	--	--	6,696
	$ 293,212	$ 117,221	$ 263,911
DEPRECIATION AND AMORTIZATION:			
Wholesale	$ 33,246	$ 31,642	$ 23,004
Retail	37,877	35,896	36,393
Licensing	12,796	11,061	6,883
	$ 83,919	$ 78,599	$ 66,280
CAPITAL EXPENDITURES:			
Wholesale	$ 48,829	$ 20,957	$ 16,219
Retail	19,182	57,836	60,778
Licensing	4,571	6,217	3,813
Corporate	15,426	20,160	41,200
	$ 88,008	$ 105,170	$ 122,010

POLO RALPH LAUREN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	MARCH 30, 2002	MARCH 31, 2001	APRIL 1, 2000
TOTAL ASSETS:			
Wholesale	$ 591,680	$ 604,834	$ 524,223
Retail	534,036	528,836	596,989
Licensing	161,912	154,714	202,090
Corporate	461,869	337,709	297,260
	$1,749,497	$1,626,093	$1,620,562

Our net revenues for fiscal 2002, 2001, and 2000, and our long-lived assets as of March 30, 2002, and March 31, 2001, by geographic location were as follows:

	FISCAL YEAR		
	2002	2001	2000
NET REVENUES:			
United States	$1,895,320	$1,875,223	$1,802,246
Foreign countries	468,387	350,551	153,282
	$2,363,707	$2,225,774	$1,955,528

	MARCH 30, 2002	MARCH 31, 2001
LONG-LIVED ASSETS:		
United States	$ 269,550	$ 305,085
Foreign countries	74,286	42,672
	$ 343,836	$ 347,757

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF POLO RALPH LAUREN CORPORATION
NEW YORK, NEW YORK

We have audited the consolidated financial statements of Polo Ralph Lauren Corporation and subsidiaries (the "Company"), as of March 30, 2002 and March 31, 2001, and for each of the three years in the period ended March 30, 2002, and have issued our report thereon dated May 21, 2002 (which report expresses an unqualified opinion and includes explanatory paragraphs relating to the elimination of a reporting lag and a change in a method of accounting); such financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of Polo Ralph Lauren Corporation and subsidiaries, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth herein.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

New York, New York
May 21, 2002

POLO RALPH LAUREN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHARGE TO COSTS AND EXPENSES	CHARGE TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF YEAR
YEAR ENDED MARCH 30, 2002					
Allowance for doubtful accounts.........	$ 4,667	$ 2,920	$ 0	$ 2,496(a)	$ 5,091
Allowance for sales discounts...........	7,423	29,606	0	28,945	8,084
	$12,090	$32,526	$ --	$31,441	$13,175
YEAR ENDED MARCH 31, 2001					
Allowance for doubtful accounts.........	$ 9,760	$ 547	$ 0	$ 5,640(a)	$ 4,667
Allowance for sales discounts...........	6,871	35,521	0	34,969	7,423
	$16,631	$36,068	$ --	$40,609	$12,090
YEAR ENDED APRIL 1, 2000					
Allowance for doubtful accounts.........	$ 7,147	$ 2,734	$ 0	$ 121(a)	$ 9,760
Allowance for sales discounts...........	6,348	34,098	0	33,575	6,871
	$13,495	$36,832	$ --	$33,696	$16,631

(a) Accounts written-off as uncollectible.

POLO RALPH LAUREN CORPORATION

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-24733) (the "S-1"))*
3.2	Amended and Restated By-laws of the Company (filed as Exhibit 3.2 to the S-1)*
10.1(a)	Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the S-1)*+
10.1(b)	Amendment to Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit A to the Company's DEF 14A Proxy Statement, filed June 27, 2000)*+
10.2	Polo Ralph Lauren Corporation 1997 Stock Option Plan for Non-Employee Directors (filed as Exhibit 10.2 to the S-1)*+

10.3	Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan (filed as Exhibit 10.3 to the Fiscal 2000 10-K)+
10.4	Registration Rights Agreement dated as of June 9, 1997 by and among Ralph Lauren, GS Capital Partners, L.P., GS Capital Partner PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., and Polo Ralph Lauren Corporation (filed as Exhibit 10.3 to the S-1)*
10.5	U.S.A. Design and Consulting agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, and Cosmair, Inc., and letter agreement related thereto dated January 1,1985** (filed as Exhibit 10.4 to the S-1)*
10.6	Restated U.S.A. License Agreement, dated January 1, 1985, between Ricky Lauren and Mark N. Kaplan, as Licensor, and Cosmair, Inc., as Licensee, and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.5 to the S-1)*
10.7	Foreign Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, as Licensor, and L'Oreal S.A., as Licensee, and letter agreements related thereto dated January 1, 1985, September 16, 1994 and October 25, 1994** (filed as Exhibit 10.6 to the S-1)*
10.8	Restated Foreign License Agreement, dated January 1, 1985, between The Polo/ Lauren Company, as Licensor, and L'Oreal S.A., as Licensee, letter Agreement related thereto dated January 1, 1985, and Supplementary Agreement thereto, dated October 1, 1991** (filed as Exhibit 10.7 to the S-1)*
10.9	Amendment, dated November 27, 1992, to Foreign Design and Consulting Agreement and Restated Foreign License Agreement** (filed as Exhibit 10.8 to the S-1)*
10.10	License Agreement, dated as of July 1, 2000, between Ralph Lauren Home Collection, Inc. and WestPoint Stevens Inc.* (filed as Exhibit 10.10 to the fiscal 2001 10-k)
10.11	License Agreement, dated March 1, 1998, between The Polo/Ralph Lauren Company, L.P. and Polo Ralph Lauren Japan Co., Ltd., and undated letter agreement related thereto** (field as Exhibit 10.10 to the S-1)*
10.12	Design Services Agreement, dated March 1, 1998, between Polo Ralph Lauren Enterprises, L.P. and Polo Ralph Lauren Japan Co., Ltd. (filed as Exhibit 10.11 to the S-1)*

EXHIBIT NUMBER	DESCRIPTION
10.13	Design Services Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc.** (filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the Fiscal Year ended March 28, 1998 (the "Fiscal 1998 10-K"))*
10.14	License Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc. (filed as Exhibit 10-26 to the Fiscal 1998 10-K)*
10.15	Stockholders Agreement dated as of June 9, 1997 among Polo Ralph Lauren Corporation, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., Mr. Ralph Lauren, RL Holding, L.P. and RL Family (filed as Exhibit 10.22 to the S-1)*
10.16	Form of Credit Agreement by Polo Ralph Lauren Corporation and The Chase Manhattan Bank (filed as Exhibit 10.24 to the S-1)*
10.17	Form of Guarantee and Collateral Agreement by Polo Ralph

	Lauren Corporation in favor of The Chase Manhattan Bank (filed as Exhibit 10.25 to the S-1)*
10.18	Credit Agreement between Polo Ralph Lauren Corporation and the Chase Manhattan Bank dated as of March 30, 1999 (filed as Exhibit 10.20 to the Fiscal 1999 10-K)
10.19	Fiscal and Paying Agency Agreement dated November 22, 1999 among Polo Ralph Lauren Corporation, its subsidiary guarantors and The Bank of New York, as fiscal and principal paying agent (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended January 1, 2000)*
10.20	Stock and Asset Purchase Agreement between Polo Ralph Lauren Corporation and S.A. Louis Dreyfus, dated November 23, 1999 (filed as Exhibit 2.1 to the Form 10-K filed January 10, 2000)*
10.21	Form of Indemnification Agreement between Polo Ralph Lauren Corporation and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)*
10.22	Amended and Restated Employment Agreement effective April 4, 1999 between Ralph Lauren and Polo Ralph Lauren Corporation (filed as Exhibit 10.23 to the Fiscal 1999 Form 10-K)*+
10.23	Deferred Compensation Agreement dated April 2, 1995 between F. Lance Isham and Polo Ralph Lauren, L.P. (filed as Exhibit 10.14 to the S-1)*+
10.24	Amendment to Deferred Compensation Agreement made as of November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.14 to the Fiscal 1999 10-K)*+
10.26	Amended and Restated Employment Agreement effective November 10, 1998, between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.16 to the Fiscal 1999 10-K)*+
10.27	Amendment No. 1 to Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and F. Lance Isham, dated as of December 21, 2000 (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended December 30, 2000).*+
10.28	Employment Agreement effective April 12, 2000 between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.27 to the Fiscal 2000 10-K)*+
10.29	Employment Agreement effective January 1, 2000 between Polo Ralph Lauren Corporation and Douglas L. Williams (filed as Exhibit 10.29 to the Fiscal 2000 10-K)*+

EXHIBIT NUMBER	DESCRIPTION
10.30	Employment Agreement, dated July 1, 2001, between Polo Ralph Lauren Corporation and Gerald M. Chaney (filed as Exhibit 10.1 to the Company's Registration Statement on Form S-3 (File No. 333-83500)*+
10.31	Employment Agreement, dated July 1, 2002, between Polo Ralph Lauren Corporation and Mitchell A. Kosh (filed as Exhibit 10.2 to the Company's Registration Statement on Form S-3 (File No. 333-83500)*+
10.32	Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan as Amended and Restated Generally Effective as of March 31, 2002.+
10.33	Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan (For Hourly Employees of Fashions Outlet of America, Inc., and Subsidiaries and Polo Clothing Co., Inc.) as Amended and Restated Generally Effective as of March 31, 2002.+
10.34	Consulting Agreement, dated as of March 25, 2002, between Polo Ralph Lauren Corporation and Arnold H. Aronson.+
21.1	List of Significant Subsidiaries of the Company (filed as Exhibit 21.1 to the Fiscal 2001 10-K)
23.1	Consents of Deloitte & Touche LLP

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* Incorporated herein by reference.

\+ Exhibits is a management contract or compensatory plan or arrangement.

** Portions of Exhibits 10.5-10.14 have been omitted pursuant to a request for confidential treatment and have been filed separately with the Securities and Exchange Commission.

Exhibit 10.32

POLO RALPH LAUREN CORPORATION

PROFIT SHARING RETIREMENT SAVINGS PLAN

Amended and restated generally effective as of March 31, 2001

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POLO RALPH LAUREN CORPORATION

PROFIT SHARING RETIREMENT SAVINGS PLAN

AMENDED AND RESTATED

GENERALLY EFFECTIVE AS OF MARCH 31, 2001

WHEREAS, Polo Ralph Lauren, (hereinafter, the "Employer") sponsors and maintains the Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan (hereinafter, the "Plan"); and

WHEREAS the Employer wishes to amend and restate the Plan to conform with the requirements of the Uniform Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Surface Transportation Revenue Act of 1998, the Internal Revenue Service Restructuring and Reform Act of 1998 and other applicable laws, regulations, and announcements.

NOW, THEREFORE, the Employer hereby adopts the following amended and restated Plan, effective March 31, 2001 (or such other dates as may be specified herein, or such earlier dates as are required in order to comply with any of the foregoing legislative changes, regulations and announcements) with such Plan to be applicable (except as otherwise expressly provided to the contrary herein) only to those eligible employees who are actively employed (or, on a qualified leave of absence from which they return within the designated period) on or after March 31, 2001, and with such Plan to read as follows:

SECTION 1

DEFINITIONS

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context; and the following rules of interpretation shall apply in reading this instrument. Pronouns shall be interpreted so that the masculine pronoun shall include the feminine and the singular shall include the plural. The words "hereof," "herein" and other singular compounds shall refer to the Plan in its entirety and not to any particular provision or section, unless so limited by the text. All references herein to specific sections shall mean sections of this document unless otherwise qualified.

1.1 Accrued Benefit means the sum of the balance in the Member's Profit Sharing Contribution Account, Basic Contribution Account, Top-Heavy Contribution Account, Matching Contribution Account and Rollover Account.

1.2 Actual Contribution Ratio (ACR), with respect to any Member for a Plan Year, means a fraction of which the numerator equals the Matching Contributions

paid to the Trust for a Plan Year on behalf of such Member and of which the denominator equals the Member's Compensation for the Plan Year.

1.3 Actual Deferral Ratio (ADR), with respect to any Member for a Plan Year, means a fraction of which the numerator equals the Basic Contributions paid to the Trust for the Plan Year on behalf of such Member and of which the denominator equals the Member's Compensation for the Plan Year.

1.4 Additional Basic Contribution means a qualified nonelective contribution as defined in Treasury regulation 1.401(k)-1(g)(13)(ii).

1.5 Adjustment Factor means the dollar limitation in effect at the beginning of the taxable year prescribed by the Secretary of the Treasury under section 402(g) of the Code, as applied to such items and in such manner as the Secretary shall provide.

1.6 Affiliated Company means:

(a) any corporation which is a member of a controlled group of corporations, including those within the meaning of section 1563(a) of the Code, determined without regard to sections 1563(a)(4) and (e)(3)(C), including the Employer;

(b) any organization under common control with the Employer within the meaning of section 414(c) of the Code;

(c) any organization which is included with the

Employer in an affiliated service group within the meaning of section 414(m) of the Code; or

(d) any other entity required to be aggregated with the Employer pursuant to regulations under section 414(o) of the Code.

1.7 Annual Addition means the total for the Limitation Year of the items listed below allocated to the account of an Employee under all defined contribution plans sponsored by an Affiliated Company (except that, for the purpose of this Section, "more than 50%" shall be substituted for "80%" each place it appears in section 1563 of the Code):

(a) Employer contributions to a Member's accounts;

(b) Forfeitures;

(c) the total amount of a Member's nondeductible employee contributions for the Limitation Year (but not including Rollover Contributions); and

(d) amounts described in sections 415(l)(1) and 419A(d)(2) of the Code;

(e) except that, the Annual Addition for any Limitation Year beginning before January 19, 1987, shall not be recomputed to treat nondeductible Employee contributions as an Annual Addition.

1.8 Basic Contribution means an elective deferral made by a Member pursuant to Section 3.2 of the Plan.

1.9 Basic Contribution Account means an account established and maintained on behalf of a Member to which his Basic Contributions are allocated.

1.10 Beneficiary means the person, persons, or trust designated by written, revocable designation filed with the Plan Administrator by the Member to receive payments in the event of such Member's death.

1.11 Board means the Board of Directors or Committee or other body authorized and empowered pursuant to law to act for the Plan Sponsor.

1.12 Break in Service means a Plan Year during which a Member fails to be credited with more than 500 Hours of Service.

1.13 Code means the Internal Revenue Code of 1986, and the same as may be amended from time to time.

1.14 Compensation means, except as hereafter specified, salary and wages, overtime pay, fees, tips, profits, bonuses and commissions paid by the Employer to an Employee, including the Basic Contribution made hereunder during the Plan Year, elective deferrals made pursuant to section 125 of the Code, amounts not includable in a Employee's gross income pursuant to section 132(f) of the Code, and all other earnings reportable under sections 6041 and 6051 of the Code on Form W-2 received by an Employee from the Employer, but excluding all other Employer contributions to benefit plans and all other forms of compensation such as severance pay. For purposes of Section 7, the Employer may elect for a specific Plan Year to limit the period taken into account for the determination of Compensation to the period during which the Employee is a Member. This limit shall be applied uniformly to all Members under the Plan for the Plan Year in accordance with section 1.401(k)-1(g)(2)(i). Notwithstanding the preceding sentence, for any Plan Year beginning on or after the Effective Date, Compensation shall exclude any remuneration received by a Member in excess of $170,000, as adjusted by the Secretary of the Treasury, for cost of living, at the same time and in the same manner as under section 415(d) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit, as adjusted, will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

(a) For purposes of the nondiscrimination tests set forth in Section 7, and except as provided in section 414(s) of the Code, Compensation means any income received by the Employee from the Employer in accordance with section

415(c)(3) of the Code, for the Plan Year for which compliance with the tests is being measured.

(b) For purposes of measuring the limits set forth in section 415 of the Code, Compensation shall mean earned income, wages, salaries, fees, commissions, percentage of profits, tips, and all other earnings of a Member reportable on Form W-2 for the Plan Year, but specifically excluding the following:

(i) Employer contributions made on behalf of an Employee to a SEP to the extent they are deductible by the Employee under section 219(b)(2) of the Code;

(ii) distributions from a deferred compensation plan (except from an unfunded nonqualified plan when includible in gross income);

(iii) amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iv) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(v) other amounts which receive special tax benefits, such as premiums for group term life insurance (to the extent excludable from gross income) and Employer contributions towards the purchase of an annuity contract described in section 403(b) of the Code.

1.15 Disability means a physical or mental condition of a Member resulting from bodily injury, disease or mental disorder which renders him incapable of continuing his usual and customary employment with the Employer. The disability of a Member shall be determined by a licensed physician chosen by the Plan Administrator. The determination shall be applied uniformly to all Members.

1.16 Early Retirement Date means the date on which a Member has attained age 55 and has completed at least 7 Years of Service.

1.17 Earned Income means with respect to a Self-Employed Individual or Shareholder-Employee, the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which the personal services of the individual are a material income-producing factor. Net earnings shall be determined without regard to items not included in gross income and the deductions allocable to such items; however, net earnings shall be determined with regard to the deductions allowed to the Employer by section 164(f) of the Code for taxable years beginning after December 31, 1989. Net earnings are reduced by contributions by the Employer to a qualified plan to the extent deductible under section 404 of the Code.

1.18 Effective Date of this amended and restated Plan means March 31, 2001.

1.19 Eligibility Computation Period means:

(a) the twelve consecutive month period commencing with the date an Employee first is credited with an Hour of Service; and

(b) thereafter any Plan Year commencing with the Plan Year in which occurs the first anniversary of the date an Employee first is credited with an Hour of Service.

1.20 Eligible Employee means any Employee of the Employer who satisfies the following conditions:

(a) he is not a leased employee within the meaning of section 414(n)(2) of the Code;

(b) he is not an Hourly Employee of Fashions Outlet of America, Inc., its subsidiaries or Polo Clothing Co. Inc.;

(c) he is not covered by a collective bargaining agreement, unless such collective bargaining agreement specifically provides for coverage under this Plan; and

(d) he is classified as a "common law" employee by the Employer.

Notwithstanding anything contained herein to the contrary, an individual classified as an "independent contractor" by the Employer, or any individual who renders services for the Employer while on the payroll of an entity other than the Employer, shall not be deemed to be an Eligible Employee even if such individual is deemed to be a common law employee of the Employer for any other purpose by any governmental authority, including without limitation, the Internal Revenue Service, Department of Labor or a court of competent jurisdiction.

1.21 Employee means an individual in the employ of the Employer and shall include leased employees within the meaning of section 414(n)(2) of the Code. Contributions or benefits provided a leased employee by the leasing organization that are attributable to services performed for the Employer shall be treated as provided by the Employer.

1.22 Employer means Polo Ralph Lauren Corporation and any other business organization which succeeds to its business and elects to continue this Plan, and any Affiliated Company which adopts this Plan with the consent of the Plan Sponsor.

1.23 Entry Date means the first day after an Employee of the Employer fulfills all eligibility requirements for participation in the Plan, as described in Section 1.20.

1.24 ERISA means the Employee Retirement Income Security Act of 1974, and the same as may be amended from time to time.

1.25 Fiscal Year means the twelve month period ending on the Saturday closest to March 31 divided into four fiscal quarters.

1.26 Forfeiture means that portion of a Member's Accrued Benefit, as determined under the Plan's vesting schedule, which may be relinquished by the Member.

1.27 Fund means all assets of the Trust.

1.28 "Highly Compensated Employee" means, with respect to any Plan Year, any Employee of the Employer (whether or not eligible for membership in the Plan) who:

(a) at any time during such Plan Year or the preceding Plan Year was a "five (5) percent owner" (within the meaning of section 416(i)(1) of the Code) of the Employer or an Affiliated Company; or

(b) during the preceding Plan Year had Compensation in excess of $85,000 (as adjusted in accordance section 415(d) of the Code).

(c) "Compensation" shall mean, for the purpose of this Section, section 415(c)(3) of the Code compensation.

1.29 Hour of Service means each hour for which an Employee is directly or indirectly paid or entitled to be paid by the Employer or an Affiliated Company regardless of whether employment duties are performed, and each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer or Affiliated Company. These hours shall be credited to an Employee for the computation period during which his employment duties were performed; but in the event a payment is made or due for a reason other than the performance of duties, hours shall be credited for the computation period during which the absence from work occurred or to which a back pay agreement or award pertains. However, no Employee shall be credited with duplicate Hours of Service as a result of a back pay agreement or award. Hours of Service shall also include each hour (credited on the basis of the Employee's customary workday) during which an Employee is on an uncompensated excused Leave of Absence, provided that such Employee shall be credited with no more than 501 Hours of Service for each complete Plan Year during which the uncompensated Leave of Absence is in effect. Hours of Service for service performed, for the period prior to the acquisition date, for a company subsequently acquired by the Employer shall be credited for eligibility purposes only to the extent expressly so provided in Appendix A. Notwithstanding any provision in this Plan to the contrary, contributions, benefits and

service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

(a) For purposes of determining the number of Hours of Service completed in any applicable computation period the Employer may maintain accurate records of actual hours completed for all Employees. The number of Hours of Service to be credited to an Employee for periods during which no employment duties are performed shall be determined in accordance with sections 2530.200b-2(b) and 2530.200b-2(c) of the Department of Labor regulations in Title 29 of the Code of Federal Regulations.

(b) In instances where actual Hours of Service are not maintained, an Employee shall be credited with 45 Hours of Service for each week in which such Employee would otherwise be credited with at least one Hour of Service.

(c) Notwithstanding (a) and (b) above and solely for the purpose of preventing a Break in Service, an Employee shall be credited with Hours of Service during an absence by reason of:

(i) the pregnancy of the Employee;

(ii) the birth of a child of the Employee;

(iii) the placement of the child with the Employee in connection with the adoption of such child by the Employee;

(iv) the care of the child beginning immediately after such birth or placement;

(v) leave under the Family and Medical Leave Act of 1993; or

(vi) qualified military service under section 414(u) of the Code;

provided the Employee shall, during the period of his absence, be credited with the number of Hours of Service which would have been credited to him at his normal work rate but for such absence, or, if the number of Hours of Service based on a normal rate is indeterminable, the Employee shall be credited with 8 Hours of Service per day of such absence. Notwithstanding the foregoing, the Employee shall be credited with no more than 501 Hours of Service during said absence.

(d) In instances where actual Hours of Service are maintained, the maternity/paternity leave described in (c) above shall be credited to the computation period in which the absence began if necessary to avoid a Break in Service or, if not necessary, then to the following computation period.

(e) For the purposes of vesting only, an Hour of Service shall include each hour of employment with The Ralph Lauren Home Collection operations of J.P. Stevens & Co. Inc. for which an Employee was entitled to Compensation prior to commencement of such operations by Polo Ralph Lauren Corporation.

(f) For purposes of eligibility and vesting, an Hour of Service shall include each hour of employment with Ralph Lauren Womenswear, Inc. ("RLW") or Bidermann Industries Corporation ("BIC") for which an Employee was entitled to compensation prior to the purchase by The Ralph Lauren Womenswear Company, L.P. ("Womenswear") of certain assets of RLW on October 16, 1995, provided that such Employee became an Employee of Womenswear or any Affiliated Company between October 16, 1995 and December 31, 1995, and provided further that such Employee has not received from RLW or BIC any payment in respect of or relating to such Employee's termination of employment by RLW or BIC.

For purposes of computing eligibility and vesting service under this section 1.29(f) only, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month in which he/she is credited with at least one (1) Hour of Service during a period of employment with RLW or BIC, Inc. prior to October 16, 1995.

(g) For purposes of eligibility and vesting, an Hour of Service shall include each hour of service with Englewood Travel, Inc. ("EWI") and Adelman Travel Systems, Inc. ("ATS") for which an Employee was entitled to compensation prior to such Employee's employment by Polo Wings II, Inc. ("Wings"), provided that such Employee became an Employee of Wings or any Affiliated Company between May 13, 1996 and July 31, 1996; that such Employee was employed by EWI immediately prior to such transfer, and that such employee was, while an employee of EWI or ATS, engaged in providing travel services to Polo Ralph Lauren, L.P. or its predecessor Polo Ralph Lauren Corporation ("Polo") on Polo's premises pursuant to a written contract between EWI or ATS and Polo. For purposes of computing eligibility and vesting service under this section 1.29(g) only, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month in which he/she is credited with at least one (1) Hour of Service during a period of employment with EWI or ATS, prior to May 13, 1996.

(h) For purposes of eligibility and vesting, an Hour of Service shall include each hour of employment with Polo Retail Corporation ("Retail") for which an Employee was entitled to compensation prior to the purchase by the Company of Retail on April 3, 1997, provided that such Employee was employed by Retail immediately prior to such sale. For purposes of computing eligibility and vesting service under this section 1.29(h) only, if the actual number of Hours of Service cannot be calculated, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month, in which he/she is credited with at least (1) Hour of Service during a period of employment with Retail prior to January 1, 1997.

1.30 Hourly Employee means any nonexempt (for purposes of overtime) Employee whose compensation is calculated on the basis of an hourly rate as distinguished from "salaried" Employees who receive a salary based on a weekly, monthly, annual or similar basis.

1.31 Leave of Absence means any temporary absence from employment authorized by the Employer based on its normal practices. An Employee's Period of Service shall continue uninterrupted during such leave.

1.32 Limitation Year shall be the Plan Year.

1.33 Matching Contribution means a contribution made on behalf of a Member pursuant to Section 3.3 of the Plan.

1.34 Matching Contribution Account means an account established and maintained on behalf of a Member to which his Matching Contributions are allocated.

1.35 Member means any Eligible Employee included in the membership of the Plan as provided in Section 2 hereof. A Member shall continue to be a Member as long as he has an Accrued Benefit hereunder.

1.36 Non-Highly Compensated Employee means any Employee who is not a Highly Compensated Employee.

1.37 Normal Retirement Date means the Member's 65th birthday.

1.38 Owner-Employee means a sole proprietor who owns the entire interest in the Employer or a partner who owns more than 10% of either the capital interest or the profits interest in the Employer and who receives remuneration for personal services from the Employer.

1.39 Period of Service means the period between an Employee's date of hire or rehire, as applicable, and the date on which he ceases to be an Employee.

1.40 Plan means Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan as set forth herein.

1.41 Plan Administrator is the individual or entity provided for in Section 12 hereof.

1.42 Plan Sponsor means Polo Ralph Lauren Corporation or its successor.

1.43 Plan Year means the twelve-month period ending on the Saturday closest to March 31.

1.44 Prior Plan means the qualified plan of the Employer in effect through March 30, 2001.

1.45 Profit Sharing Contribution means a contribution made by the Employer pursuant to Section 3.1.

1.46 Profit Sharing Contribution Account means an account established and maintained on behalf of a Member to which his Profit Sharing Contributions are allocated.

1.47 Retirement means the termination of a Member's employment with the Employer on his Early or Normal Retirement Date or such later date on which he actually terminates employment.

1.48 Rollover Account means the account established and maintained pursuant to Section 6 of the Plan.

1.49 Rollover Contribution means the amount contributed to the Plan pursuant to Section 6.8.

1.50 Self-Employed Individual means an individual who has Earned Income for the taxable year from the trade or business for which the Plan is established, and shall also include an individual who would have Earned Income but for the fact that the trade or business had no net profits for the taxable year. A Self-Employed Individual shall be treated as an Employee.

1.51 Shareholder-Employee means a Member who owns more than five percent (5%) of the Employer's outstanding capital stock during any year in which the Employer elected to be taxed as an "S" corporation under the Code.

1.52 Spouse means the husband or wife of a Member on the date benefits under the Plan commence. However, if the Member should die prior to the date benefits under the Plan would have commenced to him, then the Spouse shall be the husband or wife to whom the Member had been married throughout the one-year period preceding the date of his death.

1.53 Top-Heavy Contribution means a contribution made by an Employer pursuant to Section 8 of the Plan.

1.54 Top-Heavy Contribution Account means an account established and maintained on behalf of a Member to which Top-Heavy Contributions, if any, are allocated.

1.55 Trust means a trust, intended to qualify under section 501(a) of the Code, constituting the legal agreement between the Plan Sponsor and the Trustee, fixing the rights and liabilities with respect to managing and controlling the Fund for the purposes of the Plan.

1.56 Trustee means the individual or entity designated by the Board as trustee(s) or any successor trustee(s) of the Trust.

1.57 Valuation Date means every business day during a Plan Year.

1.58 Year of Service means the period of service with the Employer and any Affiliated Company used to determine vesting pursuant to Section 5 of the Plan as follows:

(a) except as otherwise provided below, each Plan Year during which an Employee completes at least 1,000 Hours of Service;

(b) for Years of Service (or fractions thereof), prior to April 1, 1989, any period which was a year of service (or fraction thereof) under such plan in effect on March 31, 1989;

(c) for Years of Service after April 1, 1990, except as provided in paragraph (b) of this Section, each twelve (12) consecutive month computation period during which the Member is credited with at least 1,000 Hours of Service. Except for eligibility purposes herein, the computation period shall be the Plan Year. For purposes of eligibility, such computation period shall be the Eligibility Computation Period.

Notwithstanding the foregoing,

(i) if an Employee is rehired prior to incurring a Break in Service, his Years of Service shall be computed as though his service had not been severed,

(ii) an Employee who is absent by reason of service in the armed forces of the United States, and who returns to service with the Employer within the time during which his reemployment rights are protected by federal law, shall be treated as though his employment had not been severed, and

(iii) if the Employer is an Affiliated Company, Years of Service shall be determined as if all Affiliated Companies were a single employer, excluding, however, employment during periods when the Employer was not a member of the Affiliated Company. In addition, if the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

(d) For purposes of vesting only, a Year of Service shall include employment with The Ralph Lauren Home Collection operations of J.P. Stevens & Co. Inc. prior to commencement of such operations by Polo Ralph Lauren Corporation.

(e) Years of service completed prior to January 1, 1982 for Members who were covered under the Polo Players, Ltd. Deferred Savings Plan will not be counted for vesting purposes.

(f) Notwithstanding the foregoing, Members of the Polo Player, Ltd. Deferred Savings Plan are required to complete 800 Hours of Service

between January 1, 1990 through December 31, 1990 to receive a Year of Service for vesting credit.

(g) Years of Service for service performed, for the period prior to the acquisition date, for a company subsequently acquired by the Employer shall be credited only to the extent expressly so provided in Appendix A.

(h) If a Member incurs a Break in Service, his Years of Service before that Break in Service (and not disregarded by reason of any prior Break in Service) shall be taken into account only if following the Break in Service the Member completes one Year of Service, and:

(i) before the Break in Service the Member had a vested interest in his Accrued Benefit,

(ii) effective for consecutive Breaks in Service ending before January 1, 1985, the aggregate number of the Member's Years of Service before the Break in Service (and not disregarded by reason of any prior Break in Service) equal or exceed the aggregate number of his consecutive Breaks in Service; or

(iii) effective for consecutive Breaks in Service ending on or after January 1, 1985, the aggregate number of the Member's consecutive Breaks in Service is less than five (excluding Years of Service which were disregarded by reason of any prior Break in Service) before such Break in Service.

If a Member's Years of Service are disregarded pursuant to the preceding paragraph, then such Member shall be treated as a new Employee, for eligibility purposes, upon reemployment. If they may not be disregarded pursuant to the preceding paragraph, then such Member shall continue to participate in the Plan or, if terminated, shall participate immediately upon reemployment.

(i) For purposes of eligibility and vesting, a Year of Service shall include each year of employment with RLW or BIC for which an Employee was entitled to compensation prior to the purchase by Womenswear of certain assets of RLW on October 16, 1995, provided that such Employee became an Employee of Womenswear or any Affiliated Company between October 16, 1995 and December 31, 1995, provided further that such Employee became an Employee of Womenswear or any Affiliated Company between October 16, 1995 and December 31, 1995, and provided further that such Employee has not received from RLW or BIC any payment in respect of or relating to such Employee's termination of employment by RLW or BIC.

(j) For purposes of eligibility and vesting, a Year of Service shall include each year of continuous employment with EWI and ATS for which an Employee was entitled to compensation prior to such Employee's employment by Wings provided that such Employee became an Employee of Wings or any Affiliated Company

between May 13, 1996 and July 31, 1996, and provided further that such Employee was employed by EWI or ATS prior to May 13, 1996 and was engaged in rendering travel services to Polo Ralph Lauren, L.P. or its predecessor Polo on Polo's premises pursuant to a written contract between EWI or ATS and Polo.

(k) For purposes of eligibility and vesting, a Year of Service shall include each year of continuous employment with Retail for which an Employee was entitled to compensation prior to the purchase by the Company of Retail on April 3, 1997, provided that such Employee was employed by Retail immediately prior to such sale.

SECTION 2

MEMBERSHIP IN THE PLAN

2.1 Current Members. Each Employee who was participating in the Prior Plan on March 30, 2001 shall automatically continue as a Member hereunder. Each other Employee who is an Eligible Employee as of the Effective Date shall become a Member of the Plan on such date.

2.2 New or Reemployed Members. Each other Employee shall become a Member on the Entry Date coincident with or next following the date he qualifies as an Eligible Employee. A reemployed Employee shall become a Member on the next Entry Date following his date of reemployment if he had been a Member of the Plan during his prior period of employment and had incurred a prior Break in Service such as would cause his Years of Service to be disregarded, or had become eligible but had not yet entered the Plan. Otherwise, a reemployed Employee shall become a Member of the Plan as of the date of his reemployment.

2.3 Changes in Category. If an Employee's status changes either from a category of ineligibility to a category of eligibility, or from a category of eligibility to a category of ineligibility, his employment during the period of ineligibility shall be considered as Years of Service for vesting purposes hereunder. For purposes of Section 3, only Compensation earned from the Employer during a period in which the Employee is both an Eligible Employee and a Member shall be considered in determining the amount of the contribution made to the Trust on behalf of the Employee.

If a Member's status changes to a category of ineligibility, he shall become a Member immediately upon returning to an eligible class of Employees if he has not incurred a Break in Service; otherwise, eligibility shall be determined in accordance with Section 1.12. If an ineligible Employee's status changes to a category of eligibility, he shall become a Member immediately if he has otherwise satisfied the requirements of Section 1.20.

SECTION 3

CONTRIBUTIONS

3.1 Profit Sharing Contributions. The Employer may, in its sole discretion, elect to make a Profit Sharing Contribution to the Plan. The Profit Sharing Contribution with respect to any given Plan Year shall be allocated solely among the "eligible Members" (as hereafter defined) for such Plan Year, in proportion to Compensation. For purposes of this Section only, a Member shall be an eligible Member with respect to any given Plan Year only if such person:

(a) has, not later than the last day of such Plan Year (i) completed at least one Eligibility Computation Period during which such person is credited with at least 1,000 Hours of Service and (ii) attained age 21,

(b) is credited with at least 1,000 Hours of Service during such Plan Year, and

(c) is an Employee on the last day of such Plan Year.

Solely for the purpose of determining who is an eligible Member, a Member shall be deemed to be employed on the last day of a given Plan Year if such Member terminated employment with the Employer on the Friday before the Saturday that is the last day of the Plan Year. Such Member shall be eligible to receive an allocation hereunder whether or not the Member elects to defer a portion of his income to this or any other tax-qualified plan sponsored by the Employer. Each Member's share of the Profit Sharing Contribution shall be deposited to his Profit Sharing Contribution Account.

All contributions to the Plan pursuant to this Section shall be in cash, except to the extent that the Plan Administration, in accordance with such written rules and procedures as shall be established by the Plan Administrator (and which rules and procedures shall be annexed to, and shall become a part of, the Plan) determines to instead denominate such contribution with respect to any one or more Plan Years in the form of shares of Polo Ralph Lauren Corporation Class A Common Stock.

3.2 Basic Contributions.

(a) Each Member who is a Non-Highly Compensated Employee may authorize the Employer to reduce his Compensation by any whole percentage between 0% and 15% of such Compensation, but in no event to exceed the appropriate Adjustment Factor.

(b) Each Member who is a Highly Compensated Employee may authorize the Employer to reduce his Compensation by any whole percentage between 0% and 6% of Compensation, but in no event to exceed the appropriate Adjustment Factor.

Such amount shall be deposited as Basic Contributions hereunder to the Member's Basic Contribution Account. Each Eligible Employee shall file a written election form with the Plan Administrator prior to the date that he becomes a Member specifying the portion of his Compensation that is to be contributed to the Plan as a Basic Contribution. The election of the Member shall remain in effect until the Member files a new election with the Plan Administrator.

3.3 Matching Contributions. The Employer shall make a Matching

Contribution, which shall equal $.50 for each $1.00 deposited to such Member's Basic Contribution Account; provided, however, that a Matching Contribution with respect to any given Member shall only be made with respect to amounts deposited to such Member's Basic Contribution Account will respect to periods beginning after the date that such Member first becomes an "eligible Member" (as hereafter defined). For purposes of this Section only, a Member shall become an eligible Member only after the later of:

(a) the end of the first Eligibility Computation Period during which such person is credited with at least 1,000 Hours of Service, and

(b) such person's attainment of age 21.

The Matching Contribution shall be credited to the Member's Matching Contribution Account. Notwithstanding the preceding, no Matching Contributions shall be made with respect to a Member's Basic Contributions in excess of 6% of his Compensation. Compensation, for purposes of this Section, shall mean only Compensation earned by an Employee while he is a Member of the Plan.

All contributions to the Plan pursuant to this Section shall be in cash, except to the extent that the Plan Administration, in accordance with such written rules and procedures as shall be established by the Plan Administrator (and which rules and procedures shall be annexed to, and shall become a part of, the Plan) determines to instead denominate one-half of such contribution (or, at the Member's election, one hundred percent of such contribution), and with respect to such periods of time as shall be determined by the Plan Administration, in the form of shares of Polo Ralph Lauren Corporation Class A Common Stock.

3.4 Adjustments to Contribution Limits. Notwithstanding Sections 3.2 and 3.3, the maximum Basic Contribution deferral percentage and the amount of Employer Matching Contributions may be increased or decreased at the discretion of the Board, provided that no such adjustment may be made without at least thirty (30) days written notice to all Members.

3.5 Adjustments to Contributions. A Member may increase or decrease the rate of Basic Contributions effective as of any Valuation Date by submitting a new election to the Plan Administrator. A Member may suspend Basic Contributions at any time by submitting written notice to the Plan Administrator. Suspensions during the Plan Year shall be effective as soon as practicable after the election to suspend is filed

with the Plan Administrator. A Member may recommence Basic Contributions to the Plan effective as of any Valuation Date by submitting a new written election to the Plan Administrator, prior to such Valuation Date.

3.6 Distribution of "Excess Deferral Amounts". Notwithstanding any other provision of the Plan, Excess Deferral Amounts as adjusted for income or losses thereon shall be distributed to Members who claim such Excess Deferral Amounts for the preceding calendar year.

(a) For purposes of this Section, Excess Deferral Amount shall mean the amount of a Member's Basic Contribution that causes a Member's Basic Contribution to exceed the appropriate Adjustment Factor. Excess Deferral Amount shall also mean the amount of Basic Contributions for a calendar year that the Member allocates to this Plan pursuant to a claim procedure which shall require that the Member's claim shall be in writing and shall be submitted to the Plan Administrator no later than March 1 following the year in which the Excess Deferral was made. Said claim shall specify the Member's Excess Deferral Amount for the preceding calendar year; and shall be accompanied by the Member's written statement that if such amounts are not distributed, such Excess Deferral Amount, when added to amounts deferred under other plans or arrangements described in sections 401(k), 408(k), 457, 501(c)(18) or 403(b) of the Code shall exceed the appropriate Adjustment Factor for the year in which the deferral occurred.

(b) A Member who has an Excess Deferral during a taxable year may receive a corrective distribution during the same year. Such a corrective distribution shall be made if:

(i) the Member designates the distribution as an Excess Deferral;

(ii) the correcting distribution is made after the date on which the Plan received the Excess Deferral; and

(iii) the Plan Administrator designates the distribution as a distribution of an Excess Deferral.

(c) The Excess Deferral distributed to a Member with respect to a calendar year shall be adjusted to reflect income or loss in the Member's Basic Contribution Account for the taxable year allocable thereto. The income or loss allocable to such Excess Deferral amount shall be determined by the method generally used under the Plan to allocate income or loss to a Member's account.

(d) Excess Deferral amounts, as adjusted for income and losses, shall be distributed to a Member no later than April 15 of the year following the calendar year in which such Excess Deferral was made.

3.7 Overall Limits on Contributions. Contributions made on behalf of any Member during any Plan Year shall be subject to the following:

(a) In no event shall the Annual Addition for a Member exceed the lesser of:

(i) 25% of the Member's Compensation, under Section 1.14(b) for the Limitation Year; or

(ii) the "defined contribution dollar limitation," which shall mean $35,000.

(b) For purposes of the Annual Addition hereunder, Basic Contributions made on behalf of a Member during a payroll period which begins in one Plan Year but ends in the next succeeding Plan Year shall be deemed an Annual Addition for the next succeeding Plan Year, pursuant to Treasury regulation 1.415-6(b)(7). If the excess Annual Additional results from a contribution made under Section 3.2, the excess, together with allocable earnings, determined in such manner as is deemed reasonable by the Plan Administrator, shall be distributed to the contributing Member to the extent permitted by Treasury regulation 1.415-6(b)(6).

(c) If the Annual Addition must be limited for any Member after application of paragraph (b), the excess amounts in the Member's account, together with allocable earnings, determined in such manner as is deemed reasonable by the Plan Administrator, will be used to reduce Employer contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Member if that Member is covered by the Plan as of the end of the Limitation Year. However, if that Member is not covered by the Plan as of the end of the Limitation Year, then the excess amounts will be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Members in the Plan. Furthermore, the excess amounts will be used to reduce Employer contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for all of the remaining Members in the Plan. Excess amounts may not be distributed to Members or former Members except as provided in paragraph (b).

(d) This Section 3.7 shall be satisfied prior to satisfying the ADP test.

(e) In addition to any other limitations contained in this Section, if the Employer or an Affiliated Company maintains or maintained a defined benefit plan and the amount contributed to the Trust in respect of any Plan Year would cause the amount allocated to any Member under all defined contribution plans maintained by the Employer or an Affiliated Company to exceed the maximum allocation as determined in subsection (d), then the allocation with respect to such Member shall be reduced by the amount of such excess. To the extent administratively feasible, the limitation of this subsection shall be applied to the Member's benefit payable from the defined benefit plan prior to reduction of the Member's Annual Additions under this Plan. The excess allocation shall be reallocated or held in a suspense account in accordance with subsection (c).

(f) If this Plan provides contributions or benefits for one or more Owner-Employees who control both the business for which this Plan is established and one or more other trades or businesses, this Plan and the plan established for other trades or businesses must, when considered as a single plan, satisfy sections 401(a) and (d) of the Code for the employees of this and all other trades or businesses.

If the Plan provides contributions or benefits for one or more Owner-Employees who control one or more other trades or businesses, the employees of the other trades or businesses must be included in a plan which satisfies sections 401(a) and (d) of the Code and which provides contributions and benefits not less favorable than those provided for Owner-Employees under this Plan.

If an individual is covered as an Owner-Employee under the plans of two or more trades or businesses which are not controlled, and the individual controls a trade or business, then the contributions or benefits of the employees under the plan of the trades or businesses which are controlled must be as favorable as those provided for him under the most favorable plan of the trade or business which is not controlled.

For purposes of the preceding paragraphs, an Owner-Employee, or two or more Owner-Employees, will be considered to control a trade or business if the Owner-Employee, or two or more Owner-Employees together:

(i) own the entire interest in an unincorporated trade or business, or

(ii) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in the partnership.

For purposes of the preceding sentence, an Owner-Employee, or two or more Owner-Employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such Owner-Employee, or such two or more Owner-Employees, is considered to control within the meaning of the preceding sentence.

3.8 Permitted Employer Refunds. Employer contributions hereunder are made with the understanding that this Plan shall qualify under section 401 of the Code, and that such contributions shall be deductible under section 404 of the Code. Any contribution that is disallowed as a deduction shall be refunded to the Employer within one year of such disallowance if the Employer has filed the application for the determination or qualification of this Plan with the IRS by the time prescribed by law for filing the Employer's return for the taxable year in which this Plan was adopted, or by such later date as the Secretary of the Treasury may prescribe.

(a) Any contribution made by the Employer due to a mistake of fact shall be refunded to the Employer within one year of such contribution.

(b) Refunds of contributions due to a disallowance, denial or mistake of fact shall be governed by the following requirements:

(i) earnings attributable to the amount being refunded shall remain in the Plan, but losses thereto must reduce the amount to be refunded; and

(ii) in no event may a refund be made that would cause the Accrued Benefit of any Member to be reduced to less than that which the Member's Accrued Benefit would have been had the mistaken amount not been contributed.

3.9 Timing of Deposits. Employer shall make payment of the Basic Contribution to the Trust under the terms hereof no later than the time period permitted by applicable law and regulations. All other Employer contributions under the Plan shall be deposited to the Trust prior to the due date for filing the Employer's Federal Income Tax Return for the Fiscal Year in which the Plan Year ends, including any extension thereto. In no event shall the Employer Contributions be made in excess of the amount deductible under applicable federal law now or hereafter in effect limiting the allowable deduction for contributions to profit sharing plans. The contributions to this Plan when taken together with all other contributions made by the Employer to other qualified retirement plans shall not exceed the maximum amount deductible under section 404(a) of the Code.

3.10 Profits Not Required. The Employer shall make all contributions to this Plan without regard to current or accumulated earnings or profit for the taxable year or years ending with or within such Plan Year. However, the Plan shall continue to be designed to qualify as a profit sharing plan for purposes of sections 401(a), 402, 404, 412 and 417 of the Code.

SECTION 4

MEMBER ACCOUNTS

4.1 Establishment of Accounts. A Profit Sharing Contribution Account, Basic Contribution Account, Top-Heavy Contribution Account, Matching Contribution Account and Rollover Account shall be established for each Member in accordance with Sections 3, 6 and 8, or under the Polo Players, Ltd. Deferred Savings Plan as applicable. All contributions by or on behalf of a Member shall be deposited to the appropriate account.

4.2 Valuation of Accounts. As of each Valuation Date, the accounts of each Member shall be adjusted to reflect any appreciation or depreciation in the fair market value of a fund and income or losses of a fund which gain or loss shall be allocated pro rata to each Member's account. The fair market value of the Fund shall be determined by the Trustee and communicated to the Plan Administrator in writing. Each Member shall be furnished with a statement as soon as practicable after each Valuation

Date, setting forth the value of his Accrued Benefit. It shall represent the fair market value of all securities or other property held for each respective fund, plus cash and accrued earnings, less accrued expenses and proper charges against the fund as of the Valuation Date. The Trustee's determination shall be final and conclusive for all purposes of this Plan.

4.3 Adjustment to Accounts. When determining the value of Member accounts, any deposits due which have not been deposited to the fund on behalf of the Member shall be added to his accounts; and any withdrawals or distributions made which have not been paid out shall be subtracted from the accounts. Similarly, adjustment of accounts for appreciation or depreciation of a fund shall be deemed to have been made as of the Valuation Date on which the adjustment relates, notwithstanding that they are actually made as of a later date.

4.4 Directed Investments. Within the context of the Trust, the Trustee at the direction of the Plan Administrator shall establish one or more investment funds having such investment objectives as may be ascribed to each such fund by the Plan Administrator ("Investment Funds"). Such Investment Funds may consist of the Trust's investment in (i) one or more pooled funds established by the Trustee, if it is a bank or trust company, for the investment of the assets of tax qualified pension and/or profit-sharing plans, (ii) one or more mutual funds, (iii) one or more contracts issued by an insurance company, and/or (iv) any other investment vehicle suitable for the investment of assets of the Trust and designated by the Plan Administrator.

The Plan Administrator shall provide information to Members regarding the Investment Funds available under the Plan, including a description of the investment objectives and types of investments of each such Investment Fund. If a prospectus is required to be issued with respect to any such Investment Fund, the Plan Administrator will inform Members of the availability of such prospectus or, if required by law, arrange to furnish a copy of the prospectus to each Member.

A Member's Basic and Matching Contribution Accounts shall be invested as selected by each Member in one or more of the Investment Funds. A Member shall make such investment selections in writing, or otherwise in accordance with procedures established by the Plan Administrator. The Member may select investment in one or more of the Investment Funds in multiples of 1%. The investment selection of a Member shall apply uniformly to all of his accounts.

4.5 Administration of Investments. Contributions made by or on behalf of a Member shall continue to be invested in the manner selected by the Member until the effective date of a new designation which has been properly completed and filed with the Plan Administrator. If any Member fails to make an initial designation, he shall be deemed to have elected investment in an Investment Fund comprised of fixed income or similar types of investments as determined by the Plan Administrator. A designation filed by a Member changing his investment option shall apply to investment of future deposits and/or to amounts already accumulated in his accounts. A Member may change his investment option effective as of any Valuation Date by providing written notice to

the Plan Administrator at least 30 days prior to the Valuation Date on which the change is to occur, or within such lesser period prior to the Valuation Date which is acceptable to the Plan Administrator.

Notwithstanding the foregoing, if a Member files a designation with the Plan Administrator which changes his investment selection with regard to amounts already accumulated in his accounts, the Plan Administrator shall effectuate the investment change by making an estimated transfer between funds in accordance with the designation filed by the Member, based on the value of the Member's accounts as of the Valuation Date preceding the effective date of the designation, plus deposits and less withdrawals between the preceding Valuation Date and the effective date of the designation. This estimated transfer shall be made by the Plan Administrator as soon as practicable after the effective date of the designation. Any remaining adjustments to the transfer between investment funds on behalf of a Member pursuant to a valid designation shall occur after the valuation of Plan assets for the preceding period is completed. No Member shall have any recourse against the Plan Administrator, Plan Sponsor, or any Plan fiduciary for any losses sustained or earnings lost as a result of the timeliness or accuracy of any transfer between investment funds made pursuant to a valid designation.

4.6 Investments for Terminated Members. Any Member who ceases to be an Employee shall continue to have the authority to direct the investment of his accounts. The Plan Administrator and Trustee shall have no authority to direct the investment of any Member's account hereunder other than as the Member so directs in accordance with the provisions of Sections 4.4 and 4.5.

4.7 Valuation Adjustments. The Member's account balances shall be adjusted as of each Valuation Date, in accordance with Section 4.2, based on the performance of the Investment Fund(s) selected by the Member. Each account shall be valued separately.

SECTION 5

VESTING AND FORFEITURES

5.1 Vesting Schedule. A Member shall have a fully vested interest in his Basic Contribution Account and Rollover Account in all instances. A Member's vested interest in his Profit Sharing Contribution Account and Matching Contribution Account shall be determined by the occurrence of the following events:

(a) full vesting shall occur upon the death or Disability of a Member;

(b) full vesting shall occur when a Member attains his Normal Retirement Date or his Early Retirement Date; and

(c) except as otherwise stated above, the Member's vested percentage in his Profit Sharing Contribution Account and Matching Contribution Account shall be determined in accordance with the following schedule:

Vested

Years of Service	Percentage
Less than 2 years	0%
After 2 years but less than 3	40%
After 3 years but less than 4	60%
After 4 years but less than 5	80%
After 5 years	100%

(d) Notwithstanding the vesting schedule above, the vested percentage of a Member's Account shall not be less than the vested percentage attained as of the later of the Effective Date or adoption date of this amendment and restatement.

5.2 Forfeitures Reallocated. A Member's vested Accrued Benefit shall be determined in accordance with Section 5.1 as of the date he terminates employment. The nonvested portion shall be forfeited on the earlier of:

(a) the date on which the Member receives a distribution of his vested Accrued Benefit, if any; or

(b) five (5) consecutive one-year Breaks in Service from the Member's date of termination.

Said Forfeiture shall be reallocated as additional Profit Sharing Contributions, in accordance with Section 3.1, to Members still employed on the last day of the Plan Year. Solely for these purposes, a Member shall be deemed to be employed on the last day of the Plan Year if such Member terminated employment with the Employer on the Friday before the Saturday that is the last day of the Plan Year.

For purposes of this Section 5.2, if the value of a Member's vested Accrued Benefit is zero, the Member shall be deemed to have received a distribution of such vested Accrued Benefit. A Member's vested Accrued Benefit shall not include accumulated deductible Employee contributions within the meaning of section 72(o)(5)(B) of the Code for Plan Years beginning prior to January 1, 1989.

A distribution made no later than the close of the second Plan Year following the year in which the Member terminates participation in the Plan is deemed to be made on termination, in accordance with section 411(a)(7)(B) of the Code.

5.3 Change in Vesting Schedule. A Member with at least three (3) Years of Service as of the expiration date of the election period (as set forth below) may elect to have his nonforfeitable percentage computed under the Plan without regard to an

amendment or restatement of the Plan. If a Member fails to make such election, then such Member shall be subject to the new vesting schedule. The Member's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:

(a) the adoption date of the amendment;

(b) the effective date of the amendment; or

(c) the date the Member receives written notice of the amendment from the Employer or Administrator,

except, however, that any Employee who was a Member as of the later of the Effective Date or adoption date of an amendment and restatement and who completed three (3) Years of Service shall be subject to the pre-amendment vesting schedule, provided such schedule is more liberal than the new vesting schedule.

For purposes of this Section 5.3, a Member shall be considered to have completed three (3) Years of Service whether or not consecutive, without regard to the exceptions of section 411(a)(4) of the Code.

SECTION 6

DISTRIBUTIONS

6.1 Distribution of Benefit. A Member who ceases to be an Employee for any reason other than death shall be entitled to receive his vested Accrued Benefit. A Member's Beneficiary shall be entitled to receive the Member's vested Accrued Benefit in the event of the Member's death. A Member or Beneficiary who is entitled to payment under this Section may elect one of the following options:

Option A. A lump sum payment equal to the value of the Member's vested Accrued Benefit determined as of any Valuation Date coincident with or following the date he ceases to be an Employee.

Option B. A lump sum payment after the Valuation Date specified under Option A. as the Member (or Surviving Spouse) requests pursuant to the limitations set forth in Section 6.5 of this Plan. The amount payable shall be equal to the Member's vested Accrued Benefit determined as of the Valuation Date immediately following the date payment is requested.

Option C. Substantially equal monthly, quarterly, semiannual or annual cash installments over a period not to exceed the joint and last survivor life expectancy of the Member and his Beneficiary. Such payments to a Member must commence as provided in Section 6.6 of this Plan, and shall continue to the Member's Beneficiary after the Member's death until the entire vested Accrued Benefit has been distributed. A Member (or in the case of a deceased Member, the Beneficiary) may elect to receive the

unpaid portion of his vested Accrued Benefit in a lump sum payment as of any Valuation Date by submitting a written request to the Plan Administrator.

All distributions required under this Section 6 shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirement of section 1.401(a)(9)-2 of the regulations.

6.2 Election of Benefits. The Member shall notify the Plan Administrator, in writing, of the form and timing of benefit payments. An election may be revoked and a new written election may be filed with the Plan Administrator any time prior to the commencement of benefits. Payment of benefits shall commence as soon as practicable under the option the Member has designated, but in no event later than as provided under Section 6.6 hereof. Notwithstanding the foregoing, if an Employee separates from service with the Employer for reasons other than death, the Employee's vested Accrued Benefit will be paid to him automatically in accordance with Option A, unless the value of his vested Accrued Benefit exceeds $5,000; provided that if the Employee's vested Accrued Benefit exceeds $5,000 on the date that the Employee separates from service and then on any subsequent date the value of the Employee's vested Accrued Benefit is not greater than $5,000, the Employee's vested Accrued Benefit will be paid to him automatically in accordance with Option A at that time.

6.3 Rehire Prior to Incurring Five (5) Consecutive Breaks in Service. If the Member terminates his employment and is rehired by the Employer prior to the date that he would incur his fifth consecutive Break in Service, any amounts previously forfeited shall be restored by the Employer if such Member's vested Accrued Benefit had remained in the Trust until the date the Member was rehired or if the Member had received a distribution and repays the entire amount which was distributed on or before the earlier of five years after the first date on which the Member is subsequently reemployed by the Employer, or the close of the first period of five consecutive one-year Breaks in Service after the withdrawal. The Member's vested interest in such an instance shall be determined thereafter as if he did not have a break in employment. The Employer shall make sufficient contributions equal to the amount forfeited at the time distribution occurred. If the Member does not repay the amount which was distributed to him, new accounts shall be opened upon his reentry into the Plan and the amount forfeited during the Member's prior employment may not be recovered. If a Member receives or is deemed to receive a distribution pursuant to this Section 6 and the Member resumes employment covered under this Plan, the Member's Employer-derived Accrued Benefit will be restored to the amount on the date of distribution if the Member repays to the Plan the full amount of the distribution attributable to Employer contributions before the earlier of 5 years after the first date on which the Member is subsequently reemployed by the Employer, or the date the Member incurs 5 consecutive one-year Breaks in Service following the date of the distribution.

6.4 Death Prior to Total Distribution. If a Member dies before his entire interest has been distributed to him, the remaining portion of such interest shall be

distributed in a lump sum as soon as practicable after the next Valuation Date, and in no event later than five (5) years after the Member's date of death unless Option C. has been chosen by the Member prior to his death.

6.5 Distribution Limitation. In accordance with section 401(a) of the Code and unless he elects otherwise, a Member shall commence distribution hereunder no later than 60 days after the close of the Plan Year in which occurs the later of his Normal Retirement Date, the tenth anniversary of the year in which a Member has commenced participation in the Plan or the date of the Member's termination of employment. Notwithstanding the foregoing, the failure of a Member (and, if married, his Spouse) to consent to a distribution while a benefit is immediately distributable within the meaning of this Section shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this Section.

6.6 Mandatory Distributions. A Member's benefits shall be distributed to him not later than April 1 of the calendar year following the later of (x) the calendar year in which the Member attains age 70-1/2, or (y) the calendar year in which the Member retires; provided that clause (y) shall not apply to any Member who is a "five (5) percent owner" (as defined in section 416(i) of the Code). Notwithstanding the foregoing, if a Member had attained age 70-1/2 before January 1, 1988 and was not a "five (5) percent owner" at any time during the Plan Year ending with or within the calendar year in which the Member attained age 66-1/2 or any subsequent Plan Year, his benefits shall be distributed to him not later than April 1 of the calendar year following the later of (A) the calendar year in which the Member attains age 70-1/2 or (B) the calendar year in which the Member retires. The restrictions imposed by this Section shall not apply if a Member has, prior to January 1, 1984, made a written designation to have his retirement benefit paid in an alternative method acceptable under section 401(a) of the Code as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982. Any such written designation made by a Member shall be binding upon the Plan Administrator. The Member shall be required to withdraw during any Plan Year only the minimum amount required to satisfy the Code.

6.7 Earnings on Undistributed Benefits. A Member's Accrued Benefit shall share in investment income and/or depreciation in accordance with the provisions of Section 4 until his vested Accrued Benefit, valued as of the Valuation Date immediately following his date of termination, is distributed to him.

6.8 Rollovers Into the Plan. Subject to approval of the Plan Administrator, an Employee may roll over to the Trust amounts accumulated for the Employee under any other qualified retirement plan or plans. The amount rolled over shall become subject to all of the terms and conditions of this Plan and Trust Agreement after it is rolled over, except that it shall be fully vested and nonforfeitable at all times. The amounts rolled over shall be deposited in a separate account herein referred to as an Employee's Rollover Account and shall be invested as other accounts. An Employee who makes a rollover contribution to this Plan shall not otherwise participate in the Plan until he qualifies as an Eligible Employee hereunder.

6.9 Evidence in Writing. The Plan Administrator may require the Member to furnish a letter or other evidence in writing from the Administrator of the plan from which the rollover originates stating that the acceptance of the rollover shall not affect the tax qualified status of the Plan.

6.10 Hardship Withdrawal. A Member may apply in writing to the Plan Administrator for a hardship withdrawal from his vested Accrued Benefit at any time. The withdrawal must satisfy the criteria set forth below, and may be approved or disapproved at the discretion of the Plan Administrator. Hardship withdrawals from a Member's Basic Contribution Account are not permitted from income on a Member's Basic Contribution, except to the extent of earnings on or before December 31, 1988, nor are such withdrawals permitted to include amounts treated as Basic Contributions as a result of the application of the special nondiscrimination requirements under rules prescribed by the Secretary of the Treasury for Employer contributions that are used to meet the vesting and withdrawal restrictions for Basic Contributions. The circumstances which may warrant approval of a Member's application for a hardship withdrawal are:

(a) General Rule. For purposes of this Plan, a hardship distribution must be made on account of an immediate and heavy financial need of the Member and must be in an amount not to exceed the sum necessary to satisfy such financial need.

(b) Immediate and Heavy Financial Need. The determination of whether a Member has an immediate and heavy financial need shall be made on the basis of whether a request satisfies the definition of "immediate and heavy financial need," including those deemed needs as set forth below. A financial need shall not fail to qualify as immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the Member.

(c) Deemed Immediate and Heavy Financial Need. A distribution shall be deemed to be made on account of an immediate and heavy financial need of the Member if the distribution is on account of:

(i) expenses for medical care described in section 213(d) of the Code previously incurred by the Member, the Member's spouse, or any dependents of the Member (as defined in section 152 of the Code) or amounts necessary to obtain medical services, which constitute medical expenses described in section 213(d) of the Code;

(ii) costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Member;

(iii) payment of tuition and related educational fees for the next twelve months of post-secondary education for the Member, the Member's spouse, children or dependents;

(iv) the need to prevent the eviction of the Member from his principal residence or foreclosure on the mortgage of the Member's principal residence; or

(v) such other events set forth by the Commissioner of the Internal Revenue Service through the publication of revenue rulings, notices, and other documents of general applicability.

(d) Distribution Deemed Necessary to Satisfy Financial Need (Suspension Method). A distribution shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Member if all of the following requirements are satisfied:

(i) the distribution is not in excess of the amount of the immediate and heavy financial need of the Member plus anticipated federal, state and local income taxes and penalties on distribution;

(ii) the Member has obtained all distributions, other than hardship distributions, and all nontaxable (at the time of the loan) loans currently available under all plans maintained by an Affiliated Company;

(iii) the Member's elective and after-tax contributions under this Plan (and any other qualified or nonqualified plan of deferred compensation maintained by an Affiliated Company) are suspended under a legally enforceable arrangement for at least twelve months after receipt of the hardship distribution; and

(iv) the Member may not make elective contributions for the Member's taxable year immediately following the taxable year of the hardship distribution in excess of the Dollar Limit for such next taxable year less the amount of such Member's elective contributions for the taxable year of the hardship distribution.

(e) The determination of the existence of financial hardship and the amount required to be distributed to meet the need created by the hardship must be made in a uniform and nondiscriminatory manner.

6.11 Withdrawals Permitted After Age 59-1/2. Notwithstanding the foregoing, a Member may apply in writing to the Plan Administrator for a withdrawal from all or a portion of his vested Accrued Benefit any time after attaining age 59-1/2. Such withdrawal shall not be subject to the requirements set forth in Section 6.10 but is subject to the conditions set forth below.

6.12 Conditions for Withdrawals. The following conditions apply to withdrawals made under Sections 6.10 and 6.11:

(a) a Member may make only two hardship withdrawals and one age 59-1/2 withdrawal in any 12-month period;

(b) all withdrawals shall be based on the value of the Member's applicable accounts as of the Valuation Date immediately preceding the withdrawal request. Notwithstanding the foregoing, the Plan Administrator, in its sole discretion, shall base a withdrawal under this Section on the value of a Member's vested Accrued Benefit as of the date of the withdrawal; and

(c) any withdrawal hereunder by a married Member shall be subject to the written consent of his Spouse.

SECTION 7

ACTUAL DEFERRAL AND ACTUAL

CONTRIBUTION PERCENTAGE TESTING

7.1 Actual Deferral Percentage Test. The actual deferral percentage (ADP) of Basic Contributions allocated to Members who are Highly Compensated Employees shall not exceed the greater of (a) or (b) as follows:

(a) the ADP of Members who are Non-Highly Compensated Employees, times 1.25; or

(b) the ADP of Members who are Non-Highly Compensated Employees times 2.0, but not to exceed the ADP of Members who are Non-Highly Compensated Employees by more than two percentage points.

7.2 ADP Formula.

(a) The ADP for a specified group of Members for a Plan Year shall be the average of the Actual Deferral Ratios (ADR) calculated separately for each Member in such group.

The Plan Administrator shall determine as soon as practicable after the end of the Plan Year whether the ADP for Highly Compensated Employees satisfies either of the tests contained in Section 7.1. In the event neither test is satisfied, the Employer may elect either of the following:

(i) to reduce the allowable Basic Contribution for Highly Compensated Employees as provided in Sections 7.3 and 7.5; or

(ii) to make an Additional Basic Contribution (subject to the requirements of Section 7.6) on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions under Section 3.1 in such amount or amounts as it determines are necessary to satisfy the requirements of Section 7.1, within the time period required by any applicable law or regulation.

(b) The Plan shall take into account the ADRs of all

Eligible Employees for purposes of the ADP test. For this purpose, an Eligible Employee is any Employee who is directly or indirectly eligible to make a Basic Contribution under the

Plan for all or a portion of a Plan Year, including an Employee who would be eligible but for his failure to make required contributions and an Employee whose eligibility to make Basic Contributions has been suspended because of an election to take a hardship distribution. In the case of an Eligible Employee who makes no elective contributions, the ADR that is to be included in determining the ADP is zero.

(c) A Basic Contribution shall be taken into account under the ADP test for a Plan Year only if it relates to Compensation that either would have been received by the Employee in the Plan Year (but for the deferral election) or is attributable to services performed by the Employee in the Plan Year and would have been received by the Employee within 2-1/2 months after the close of the Plan Year (but for the deferral election).

(d) A Basic Contribution shall be taken into account under the ADP test for a Plan Year only if it is contributed to the Trust before the last day of the twelve-month period immediately following the Plan Year to which the contribution relates and is allocated within the Plan Year to which the contribution relates. A Basic Contribution is considered allocated as of a date within a Plan Year if the allocation is not contingent on participation or performance of services after such date.

(e) The ADR and ADP shall be calculated to the nearest .01%.

7.3 Calculations of Excess Contributions. The Excess Contributions for a Highly Compensated Employee shall be determined and distributed in the following manner:

(a) "Excess Contributions" shall mean, with respect to any Plan Year, the excess of:

(i) the aggregate amount of Basic Contributions actually taken into account in computing the ADP of Highly Compensated Employees for such Plan Year, over

(ii) the maximum amount of Basic Contributions permitted by the ADP test in accordance with Section 7.1.

(b) The amount of Excess Contributions attributable to each Highly Compensated Employee shall be calculated and distributed by reducing Basic Contributions made by, or on behalf of, the Highly Compensated Employee who has made the greatest dollar amount of Basic Contributions with respect to such Plan Year (or, in the event that more than one Highly Compensated Employee shall have made Basic Contributions of an equal amount, the Basic Contributions of each such Highly Compensated Employee) so that the amount of Basic Contributions of such Highly Compensated Employee (or Highly Compensated Employees, as the case may be) shall equal the amount of Basic Contributions with respect to such Plan Year of the Highly Compensated Employee (or the Highly Compensated Employees, as the case may be) who shall have made the next greatest amount of Basic Contributions with respect to such Plan Year, and an amount equal to the amount of reduction (or reductions, as the case

may be) shall be distributed to such Highly Compensated Employee (or Highly Compensated Employees, as the case may be), provided, however, that the amount of the reduction and the amount to be distributed shall in no event exceed the Excess Contributions with respect to that Plan Year; and if the Excess Contributions with respect to that Plan Year shall exceed the amount distributed to such Highly Compensated Employee (or Highly Compensated Employees, as the case may be) in accordance with the provisions of Section 7.3(a), then further reductions shall be made in accordance with the provisions of Section 7.3(a) until the amount distributed shall equal the Excess Contributions.

7.4 Failure to Correct Excess Contributions. Failure to correct Excess Contributions by the close of the Plan Year following the Plan

Year for which they were made shall cause the cash or deferred arrangement to fail to satisfy the requirements of section 401(k)(3) of the Code for the Plan Year for which the Excess Contributions were made and for all subsequent years they remain in the Trust. Also, the Employer shall be liable for a 10% excise tax on the amount of Excess Contributions unless corrected by distribution or recharacterization of Excess Contributions within 2-1/2 months after the close of the Plan Year for which they were made.

7.5 Distribution of Excess Contributions. Excess Contributions shall be distributed to Members on whose behalf such Excess Contributions were made no later than the last day of the Plan Year following the Plan Year for which they were made. Excess Contributions shall be adjusted in the manner utilized under Sections 4.2 and 4.3 to reflect income earned and losses incurred for the Plan Year on the Member's Basic Contributions Account.

7.6 Additional Basic and Matching Contributions. Additional Basic Contributions and Matching Contributions may be treated as Basic Contributions for purposes of the ADP test only if such contributions are nonforfeitable when made and subject to the same distribution restrictions that apply to elective contributions. Additional Basic Contributions and Matching Contributions which may be treated as Basic Contributions must satisfy these requirements without regard to whether they are actually taken into account as Basic Contributions for purposes of satisfying the ADP tests.

Additional Basic Contributions and/or Matching Contributions may be treated as Basic Contributions only if the conditions described in section 1.401(k)-1(b)(5) of the Treasury regulations are satisfied.

The amount of the Additional Basic Contribution for Non-Highly Compensated Employees, or the reduction in the allowable Basic Contribution deferral percentage for Highly Compensated Employees shall be such that at least one of the tests contained in Section 7.1 is satisfied.

7.7 Matching Contributions. Any Matching Contributions made on account of an Excess Contribution or deferral in excess of the Dollar Limit shall be forfeited and shall be used to reduce Matching Contributions for the year of forfeiture.

7.8 Actual Contribution Percentage Test. The actual contribution percentage (ACP) of contributions deposited to the Plan for Members who are Highly Compensated Employees shall not exceed the greater of (a) or (b) as follows:

(a) the ACP of Members who are Non-Highly Compensated Employees times 1.25; or

(b) the ACP of Members who are Non-Highly Compensated Employees times 2.0, but not to exceed the ACP of Members who are Non-Highly Compensated Employees by more than two percentage points.

7.9 ACP Formula.

(a) The ACP for a specified group of Members for a Plan Year shall be the average of the Actual Contribution Ratios (ACR) calculated separately for each Member in such group.

The Plan Administrator shall determine as soon as practicable after the end of the Plan Year whether the ACP for Highly Compensated Employees satisfies either of the tests contained in Section 7.8. In the event neither test is satisfied, the Employer may elect either of the following:

(i) to reduce the allowable Matching Contribution for Highly Compensated Employees as provided in Sections 7.10 and 7.11; or

(ii) to make an additional contribution on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions under Section 3.1 in such amount or amounts as it determines are necessary to satisfy the requirements of Section 7.8, within the time period required by any applicable law or regulation.

(b) The Plan shall take into account the ACRs of all

Eligible Employees for purposes of the ACP test. For this purpose, an Eligible Employee is any Employee who is directly or indirectly eligible to receive an allocation of Matching Contributions including an Employee who would be eligible but for his failure to make required contributions and an Employee whose right to receive Matching Contributions has been suspended because of an election not to participate. In the case of an Eligible Employee who receives no Matching Contributions, the ACR that is to be included in determining the ACP is zero.

(c) A Matching Contribution shall be taken into account under the ACP test for a Plan Year only if it is made on account of the Eligible Employee's Basic Contributions for the Plan Year contributed to the Trust before the last day of the twelve-month period immediately following the Plan Year to which the contributions relate and is allocated within the Plan Year to which the contributions relate. Qualified Matching Contributions which are used to meet the requirements of section 401(k)(3)(A) of the Code are not taken into account.

(d) The ACR and ACP shall be calculated to the nearest .01%.

(e) Additional Basic Contributions may be treated as Matching Contributions for purposes of the ACP test of section 401(m) of the Code only if such contributions are nonforfeitable when made and distributable only under the following circumstances:

(i) the Employee's Retirement, death, Disability or separation from service;

(ii) the termination of the Plan without establishment of a successor plan;

(iii) the Employee's attainment of age 59-1/2;

(iv) the sale or other disposition by a corporation to an unrelated corporation, which does not maintain the Plan, of substantially all of the assets used in a trade or business, but only with respect to Employees who continue employment with the acquiring corporation; and

(v) the sale or other disposition by a corporation of its interest in a subsidiary to an unrelated entity which does not maintain the Plan, but only with respect to Employees who continue employment with the subsidiary. Additional Basic Contributions which may be treated as Matching Contributions must satisfy these requirements without regard to whether they are actually taken into account as Matching Contributions.

7.10 Calculation of Excess Aggregate Contributions. The Excess Aggregate Contributions for a Highly Compensated Employee shall be determined and distributed in the following manner:

(a) "Excess Aggregate Contributions" shall mean, with respect to any Plan Year, the excess of:

(i) the aggregate Matching Contributions taken into account in computing the numerator of the ADP actually made on behalf of the Highly Compensated Employees for such Plan Year, over

(ii) the maximum Matching Contributions permitted by the ADP test in accordance with Section 7.8.

(b) The amount contributed to the Matching Contribution Account ("Cumulative Amount") with respect to each such Member shall be calculated by reducing the Cumulative Amount made on behalf of the Member who has been credited with the greatest Cumulative Amount with respect to such Plan Year (or, in the event that more than one Member shall have been credited with a Cumulative Amount of an equal amount, the Cumulative Amount of each such Member) shall be reduced so that the amount of Cumulative Amount of such Member (or Members, as the case may be) shall equal the Cumulative Amount with respect to such Plan Year of the Member who shall have been credited with the next greatest Cumulative Amount with respect to such Plan Year, and an amount equal to the amount of reduction (or reductions, as the case may be) shall be forfeited, provided, however, that the amount to be forfeited shall in no event exceed the Excess Aggregate Contributions, and (ii) in the event that the Cumulative Amount attributable to a Member who shall have been credited with the greatest Cumulative Amount with respect to such Plan Year is less than the Excess Aggregate Contributions, then further reductions shall be made in accordance with the provisions of the previous sentence of this Section 7.10(b) until such time as the amount allocated to each such Member refunded in accordance with this Section 7.10(b) shall equal the Excess Aggregate Contributions.

7.11 Distribution of Excess Aggregate Contribution. Excess Aggregate Contributions shall be distributed to Members on whose behalf such Excess Aggregate Contributions were made, to the extent vested, no later than the last day of the Plan Year following the Plan Year for which they were made. Nonvested Excess Aggregate Contributions shall be applied as provided in Section 7.13. Excess Aggregate Contributions shall be adjusted in the manner utilized under Sections 4.2 and 4.3 to reflect income earned or loss as incurred for the Plan Year on the Member's Matching Contribution Account.

7.12 Additional Contributions. Basic Contributions and/or Additional Basic Contributions may be treated as Matching Contributions only if the conditions described in Treasury regulation 1.401(m)-1(b)(5) are satisfied.

7.13 Forfeitures. Amounts forfeited by Highly Compensated Employees under Section 7.11 shall be treated as an Annual Addition under the Plan and shall be applied to reduce future Employer Matching Contributions. No forfeitures arising under this Section shall be allocated to the account of any Highly Compensated Employee.

7.14 Aggregate Limit. The sum of the ADP and ACP for Highly Compensated Employees, determined after any corrections required to meet the ADP test or ACP test, shall not exceed the Aggregate Limit as defined herein. If the Aggregate Limit is exceeded for any particular Plan Year, the Plan Administrator may recharacterize, to the maximum extent permitted under Sections 401(k) and 401(m) of the Code and the regulations thereunder, Participants' Basic Contributions and Matching Contributions for purposes of satisfying the Aggregate Limit, and, if after any such recharacterization, the Aggregate Limit is still not satisfied, the Employer may, in its sole discretion, either (i) make Additional Basic Contributions on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions to the Plan pursuant to Section 3.1 in such amount or amounts as its determines are necessary to satisfy the Aggregate Limit, or (ii) reduce either the ADR or the ACR for all affected Highly Compensated Employees, in accordance with Section 7.3 or 7.10(a), as applicable, and such reductions shall be treated, for each affected Highly Compensated Employee, as an

Excess Contribution or an Excess Aggregate Contribution, as applicable. "Aggregate Limit" means the greater of (a) or (b) below:

(a) the sum of

(i) 125% of the greater of the ADP for eligible Non-Highly Compensated Employees, or the ACP for eligible Non-Highly Compensated Employees for the Plan Year; and

(ii) two plus the lesser of such ADP or ACP, but not greater than 200% of the lesser amount; or

(b) the sum of

(i) 125% of the lesser of the ADP for the eligible Non-Highly Compensated Employees or the ACP for the eligible Non-Highly Compensated Employees for the Plan Year; and

(ii) two plus the greater of such ADP or ACP, but not greater than 200% of the greater amount.

7.15 Special Rules.

(a) The ADR and ACR for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to make Basic Contributions, or to have Matching Contributions allocated to his account, or to make after-tax contributions under two or more plans that are maintained by an Affiliated Company shall be determined as if all such contributions were made under a single plan.

(b) In the event that this Plan satisfies the requirements of sections 410(b) and 401(a)(4) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of sections 410(b) and 401(a)(4) of the Code only if aggregated with this Plan, then the contribution percentages and deferral percentages of Members shall be determined as if all such plans were a single plan.

(c) The determination and treatment of the contribution percentage of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

SECTION 8

TOP-HEAVY PROVISIONS

8.1 Top-Heavy Preemption. During any Plan Year in which this Plan is Top-Heavy, as defined in Section 8.2 below, the Plan shall be governed in accordance with this Section, which shall control over other provisions.

8.2 Top-Heavy Definitions. For purposes of this Section, the following definitions shall apply:

(a) "Compensation" means Compensation as defined in Section 1.14(c) for an entire Plan Year, including amounts contributed by the Employer pursuant to a salary reduction agreement which are excludable from the Employee's gross income under Sections 125, 132(f), 402(e)(3) or 402(h) of the Code.

(b) "Contribution Rate" means the sum of contributions made by the Employer under this Plan, excluding salary deferral contributions made under this or any other plan maintained by the Employer, plus forfeitures allocated to the Member's accounts for the Plan Year, divided by his Compensation for the Plan Year. To determine the Contribution Rate, the Plan Administrator shall consider all qualified defined contribution plans (within the meaning of the Code) maintained by the Employer as a single plan.

(c) "Determination Date" means the last day of the preceding Plan Year, except in the initial Plan Year, Determination Date means the last day of such Plan Year. For purposes of testing the Top-Heavy status of Required and Permissive Aggregation Groups, Determination Date means the last day of each respective plan's Plan Year which occurs in the calendar year coincident with the Determination Date of this Plan.

(d) "Key Employee" means any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the "Determination Period" was an officer of the Employer if such individual's annual Compensation exceeds 50 percent of the dollar limitation under section 415(b)(1)(A) of the Code, an owner (or considered an owner under section 318 of the Code) of one of the ten largest interests in the Employer if such individual's compensation exceeds 100 percent of the dollar limitation under section 415(c)(1)(A) of the Code, a 5-percent owner of the Employer, or a 1-percent owner of the Employer who has an annual compensation of more than $150,000. Annual compensation means compensation as defined in section 415(c)(3) of the Code, but includes amounts contributed by the Employer pursuant to a salary reduction agreement which are excludible from the Employee's gross income under sections 125, 457, 402(g)(3) or 402(h) of the Code. The "Determination Period" is the Plan Year containing the Determination Date and the 4 preceding Plan Years.

The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the regulations thereunder.

(e) "Non-Key Employee" means any Employee currently eligible to participate in the Plan who is not a Key Employee.

(f) "Permissive Aggregation Group" means the Required Aggregation Group plus any other qualified plans maintained by the Employer and Affiliated Companies but only if such resultant group would satisfy in the aggregate, the requirements of sections 401(a)(4) and 410 of the Code. The Plan Administrator shall

determine which plans to take into account in determining the Permissive Aggregation Group.

(g) "Required Aggregation Group" means:

(i) each qualified plan of the Employer and Affiliated Companies (including any terminated plan that covered a Key Employee and was maintained within the five-year period ending on the Determination Date) in which at least one (1) Key Employee participates during the Plan Year containing the Determination Date or any of the four preceding Plan Years; and

(ii) any other qualified plan of the Employer and Affiliated Companies which enables a plan described in (i) above, to meet the requirements of sections 401(a)(4) or 410 of the Code.

(h) "Top-Heavy" shall describe the status of the Plan in any Plan Year if the "Top-Heavy Ratio" as of the Determination Date exceeds sixty percent (60%).

(i) "Top-Heavy Ratio" is a fraction as of the Determination Date, as follows:

Accrued Benefit of all Key Employees

Accrued Benefits of all Employees

(ii) Notwithstanding (i) above, the Top-Heavy Ratio shall be computed pursuant to section 416(g) of the Code, and any regulations issued thereunder.

(iii) For Plan Years beginning after December 31, 1986, solely for the purpose of determining if the Plan, or any other plan included in a Required Aggregation Group of which this Plan is a part, is Top-Heavy (within the meaning of section 416(g) of the Code) the accrued benefit of an Employee other than a Key Employee (within the meaning of section 416(i)(1) of the Code) shall be determined (a) under the method if any, that uniformly applies for accrual purposes under all plans maintained by the Affiliated Employers, or if there is no such method, then (b) as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rule of section 411(b)(1)(C) of the Code.

(iv) For purposes of this Section only, "Accrued Benefit" shall include or exclude Rollovers pursuant to regulation 1.416-1,T-32.

(v) If an individual is not a Key Employee but was a Key Employee in a prior year or if any individual has not performed services for the Employer at any time during the five (5) year period ending on the Determination Date, any Accrued Benefit for such individual shall not be taken into account in determining the Top-Heavy status of the Plan.

(vi) The Accrued Benefit of any Employee (other than a Key Employee) shall be determined:

(1) under the method which is used for accrual purposes for all plans of the Employer or, if there is no such method,

(2) as if such benefit accrued not more

rapidly than the slowest accrual rate permitted under section 411(b)(1)(C) of the Code.

(vii) The value of Account Balances and the present value of Accrued Benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in section 416 of the Code and the regulations thereunder for the first and second plan years of a defined benefit plan.

(viii) The Accrued Benefit shall include any part of any account balance distributed in the 5-year period ending on the Determination Date.

(ix) The present value shall be based only on the interest rate and mortality rates specified in the defined benefit plan.

8.3 Aggregation of Plans. All Required Aggregation Groups shall be considered (pursuant to section 416(g) of the Code) with this Plan in determining whether this Plan is Top Heavy.

(a) If such aggregation constitutes a Top-Heavy group, each plan so aggregated shall be considered Top-Heavy.

(b) If such aggregation does not constitute a Top-Heavy group, none of the plans so aggregated shall be considered Top-Heavy.

At the direction of the Plan Administrator and subject to the restrictions of sections 401(a)(4) and 410 of the Code, Permissive Aggregation Groups may be considered with this Plan plus any Required Aggregation Groups to determine whether such group is Top-Heavy. If such aggregation does not constitute a Top-Heavy group, none of the plans so aggregated shall be considered Top-Heavy.

8.4 Minimum Contribution Rate. Subject to Section 8.7 below, for any Plan Year in which this Plan is Top-Heavy, a minimum contribution shall be made for each Non-Key Employee as of the last day of the Plan Year which shall equal the lesser of:

(a) three (3%) percent of Compensation; or

(b) the highest Contribution Rate received by a Key Employee in that Plan Year.

This Top-Heavy Contribution shall be made irrespective of such Non-Key Employee's Hours of Service, Compensation or failure to make contributions, as applicable hereunder.

8.5 Deposit of Minimum Contribution. The Plan Administrator shall deposit any minimum contribution made under this Section to a "Top-Heavy Contribution Account" for each Non-Key Employee. Such account shall become part of his Accrued Benefit and shall vest pursuant to Section 8.6 hereof.

8.6 Top-Heavy Vesting Schedule. In any Plan Year in which this Plan is Top-Heavy, any Member who is credited with at least one Hour of Service during such Plan Year shall vest in accordance with Section 5.1 or the following schedule, whichever produces the greater benefit:

Years of Service	Vested Percentage
Less than 2 years	0%
After 2 years but less than 3	20%
After 3 years but less than 4	40%
After 4 years but less than 5	60%
After 5 years but less than 6	80%
After 6 or more years	100%

During any Plan Year in which this Plan is not Top-Heavy, vesting shall be determined pursuant to Section 5, except that nonforfeitable rights obtained under the Top-Heavy vesting schedule shall continue as such.

SECTION 9

DESIGNATION OF BENEFICIARY

9.1 Named Beneficiary. Each Member may designate in writing, filed with the Plan Trustee, a Beneficiary to whom, in the event of the Member's death all benefits or any unpaid balance of benefits shall be payable. However, each married Member who designates a Beneficiary other than his Spouse must provide the Plan Trustee with a spousal consent to the designation of such other Beneficiary. Such spousal consent shall set forth the effects of such waiver and must be either notarized or witnessed by a Plan representative. Subject to such spousal consent the Beneficiary (Beneficiaries) so designated may be changed by the Member at any time. The facts as shown by the records of the Plan Trustee at the time of death shall be conclusive as to the identity of the proper payee and the amount property payable, and payment made in

accordance with such facts shall constitute a complete discharge of any and all obligations hereunder.

9.2 No Named Beneficiary. If no such designation is on file with the Plan Trustee at the time of death of the Member, or if such designation is not effective for any reason, then such death benefit shall be payable to the deceased Member's Spouse, if living. If such Spouse is not living, payment shall be made to the deceased Member's estate.

SECTION 10

MANAGEMENT OF THE FUND

10.1 Contributions Deposited to Trust. All contributions to the Plan by the Employer and Employees shall be committed in trust to the Trustee selected by the Plan Sponsor subject to the terms of the Trust created in Section 1 of the Trust Agreement to be held, managed, and disposed of by the Trustee in accordance with the aforementioned terms of the Trust and this Plan. The Trustee selected may be changed from time to time by the Employer.

10.2 No Reversion to Employer. The Trust shall continue to contain such provisions as shall render it impossible, except as is provided under Sections 3.8 and 11.3, for any part of the corpus of the Trust or income thereon to be at any time used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries; and it may contain such other provisions relating to the custody, management and disposition of the Fund by the Trustee as shall be deemed advisable by the Employer.

SECTION 11

DISCONTINUANCE AND LIABILITIES

11.1 Termination. The Plan may be terminated at any time by the Plan Sponsor, but only upon condition that such action is taken under the Trust Agreement or otherwise, as shall render it impossible at any time under the Trust for any part of the corpus of the Trust or income thereon to be at any time used for, or diverted to purposes other than for the exclusive benefit of active and retired employees, except as is provided under Sections 3.8 and 11.3. If the Plan is terminated the Fund shall be held for distribution by the Trustee, who shall distribute to the Members then participating in the Fund the full amount standing to their credit on the date of such termination, less the administrative costs to the Trustee for such distribution in accordance with the methods specified under Section 6.

In the event that the Employer sponsors any other defined contribution plan, if a Member does not consent to a distribution upon termination of this Plan, that Member's Accrued Benefit shall be transferred to the other aforesaid defined contribution plan. Notwithstanding the foregoing, if the Employer sponsors any other defined contribution plan all salary deferral contributions will be transferred to said plan upon the termination of this Plan.

11.2 No Liability for Employer. The Employer shall have no liability with respect to the payment of benefits or otherwise under the Plan, except to pay over to the Trustee as provided in the Plan such contributions as are made by the Employer and any and all contributions made by the Members. Further, the Employer shall have no liability with respect to the administration of the Trust or of the Fund held by the Trustee, and each Member and/or Beneficiary shall look solely to the Fund for any payments or benefits under the Plan.

11.3 Administrative Expenses. The Employer may elect to pay all administrative expenses of the Plan, including compensation of the Trustee, consultants, auditor and counsel, but the Employer shall not be obliged to pay such expenses. If Employer elects not to pay such expenses, they shall be paid from the Trust. Any expenses directly relating to the investments of the Trust, such as taxes, commissions, and registration charges, shall be paid from the Trust.

11.4 Nonforfeitability Due to Termination(s). Upon termination, partial termination or upon permanent discontinuance of contributions under the Plan, the rights of all affected Employees to their Accrued Benefits accrued to the date of such termination, partial termination or discontinuance, shall become nonforfeitable.

11.5 Exclusive Benefit Rule. This Plan and Trust are for the exclusive benefits of the Members and their Beneficiaries. This Plan should be interpreted in a manner consistent with this intent and with the intention of the Employer that the Trust satisfy those provisions of the Code relating to employees' trusts.

11.6 Mergers. In the case of any merger or consolidation of the Plan with, or transfer of Plan assets or liabilities to, any other plan, provisions shall be made so that each Member in the Plan on the date thereof (if the Plan then terminated) would receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately prior to the merger, consolidation or transfer (if the Plan had then terminated).

11.7 Non-Allocated Trust Assets. Any portion of the Fund which is unallocated at the time of termination of the Plan shall be allocated among Members of the Plan in a nondiscriminatory manner selected by the Plan Administrator.

SECTION 12

ADMINISTRATION

12.1 Appointment of Plan Administrator. The Board shall appoint, on behalf of all Members, a Plan Administrator or committee to act as Plan Administrator. The Plan Administrator may be removed by the Board at any time and may resign at any time by submitting a written resignation to the Board. A new Plan Administrator shall be

appointed as soon as possible in the event that the Plan Administrator is removed or resigns from his position.

12.2 Responsibilities and Duties. The Plan Administrator shall:

(a) be responsible for the day-to-day administration of the Plan. He may appoint other persons or entities to perform any of his fiduciary functions. Such appointment shall be made and accepted by the appointee in writing and shall be effective upon the written approval of the Board. The Plan Administrator and any such appointee may employ advisors and other persons necessary or convenient to help him carry out his duties including his fiduciary duties. The Plan Administrator shall have the right to remove any such appointee from his position. Any person, group of persons or entity may serve in more than one fiduciary capacity.

(b) maintain or cause to be maintained accurate and detailed records and accounts of employees and of their rights under the Plan and of all investments, receipts, disbursements and other transactions. Such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Board and by persons designated thereby.

(c) be the "named fiduciary," as defined under Section 402(a)(1) of ERISA, and shall have the authority to act with respect to any claim for benefits under the Plan. The Plan Administrator in its capacity as named fiduciary shall have the exclusive discretionary right to interpret the Plan, including those provisions governing eligibility and benefits, and to determine any questions arising under or in connection with the administration of the Plan, including without limitation, the authority to make factual determinations and resolve claims in accordance with Section 12.3. The Plan Administrator shall have full discretionary power and authority to determine the entitlement, rights or eligibility of employees, Members and/or any other persons, and the amount of benefits, if any due under the Plan. The Plan Administrator shall also have the discretionary right and authority to remedy ambiguities, inconsistencies or omissions arising under or in connection with the Plan. The construction and interpretations of the Plan and the determinations of the Plan Administrator hereunder, including, but not limited to, those pursuant to Section 12.3, shall be final and binding on all persons to the maximum extent permitted by law.

12.3 Claims Procedure. Each Member or Beneficiary must claim any benefit to which he believes he is entitled under this Plan by a written notification to the Plan Administrator.

The Plan Administrator shall decide whether to honor a claim within ninety (90) days of the date on which the claim is filed, unless special circumstances require a longer period for adjudication and the claimant is notified in writing of the reasons for an extension of time; provided, however, that no extensions shall be permitted beyond ninety (90) days after the date on which the claimant received notice of the extension of time from the Plan Administrator. If the Plan Administrator fails to notify the claimant of his decision to grant or deny such claim within the time specified by this

subsection, such claim shall be deemed to have been denied by the Plan Administrator and the review procedure described below shall become available to the claimant.

If a claim is denied, it must be denied within a reasonable period of time, and be contained in a written notice stating the following:

(a) the specific reason for the denial;

(b) a specific reference to the Plan provision on which the denial is based;

(c) a description of additional information necessary for the claimant to perfect his claim, if any, and an explanation of why such material is necessary; and

(d) an explanation of the Plan's claim review procedure.

The claimant shall have sixty (60) days to request a review of the denial by the Plan Administrator, who shall provide a full and fair review. The request for review must be written and submitted to the same person who handles initial claims. The claimant may review pertinent documents, and he may submit issues and comments in writing. The decision by the Plan Administrator with respect to the review must be given within sixty (60) days after receipt of the request, unless special circumstances require an extension (such as for a hearing). In no event shall the decision be delayed beyond one hundred and twenty (120) days after receipt of the request for review. The decision shall be written in a manner calculated to be understood by the claimants and it shall include specific reasons and refer to specific Plan provisions as to its effect.

12.4 Trustee Has Authority to Invest. All Funds of the Plan shall be invested by the Trustee in accordance with the provisions of the Plan and Trust Agreement, and the Trustee shall have full authority and liability in this regard. To the extent that individual Members are permitted to direct investment of their account balances, and to the extent a Member exercises such right to direct investment, the Trustee shall be relieved from any liability therefor.

12.5 Indemnification. To the extent permitted by law, the Plan Sponsor may be the Plan Administrator. In the event the Plan Sponsor is designated as the Plan Administrator, an individual or committee shall be appointed to represent the Plan Sponsor in this capacity. The Plan Sponsor shall indemnify any individual who is serving as Plan Administrator or who is acting on behalf of the Plan Sponsor in this capacity. Such individual shall be indemnified from any and all liability that may arise by reason of his action or failure to act concerning this Plan, excepting any willful misconduct or criminal acts.

12.6 Removal for Personal Involvement. No individual may participate in the consideration of any matter of or question concerning the Plan which specifically and uniquely relates to him because of his participation under the Plan.

SECTION 13

AMENDMENTS

13.1 Amendment Restrictions. The provisions of this Plan may be amended at any time and from time to time by the Plan Sponsor or any authorized representative thereof, provided that:

(a) no such amendment shall be effective unless this Plan, as so amended shall be for the exclusive benefit of persons in, or formerly in, the employ of Employer, or their Beneficiaries;

(b) no such amendment shall operate to deprive a Member of any rights or benefits irrevocably vested in him under the Plan prior to such amendment;

(c) each such amendment shall be adopted pursuant to the laws of the state of incorporation of the Employer, and a copy of such amendment shall be filed with the Trustee and the Plan Administrator; and

(d) no such amendment shall be effective to the extent that it decreases a Member's Accrued Benefit. For purposes of this Section 13, a Plan amendment which has the effect of decreasing a Member's Accrued Benefit or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing an Accrued Benefit.

If any amendment shall be necessary or desirable to conform to the provisions and requirements of the Code or any amendment thereto, or any regulation issued pursuant thereto, no such amendment thereto shall be considered prejudicial to the interest of a Member or his Beneficiary, or a diversion of any part of Fund to a purpose other than for their exclusive benefit.

13.2 Amending the Plan. The Board may amend the Plan at any time by board resolution or by such other action permitted by the Plan Sponsor's charter, bylaws, or such other method permitted by the laws of the state of incorporation of the Plan Sponsor.

13.3 Retroactive Amendments. Any modification or amendment of the Plan may be made retroactive if, on the advice of counsel, such retroactivity is deemed to be necessary in order for the Plan to conform to or satisfy the conditions of any law, governmental regulations or ruling, or to meet the requirements of applicable sections of the Code, or the corresponding regulations.

SECTION 14

LOANS

14.1 Permitted Loans. A Member may make application to the Plan Administrator to borrow from his vested Accrued Benefit. That application must be made in writing and must specify the amount and term requested. The Plan Administrator shall determine whether the application for a loan is to be approved after an evaluation of all necessary documentation. All applications for loans shall be evaluated in a uniform and nondiscriminatory manner, and loans shall not be made available to Highly Compensated Employees in an amount greater than that for other Employees. Loans that are granted shall be subject to the following conditions:

(a) the aggregate amount of all such loans to a Member shall not exceed the lesser of:

(i) $50,000, reduced by the greatest value of any outstanding loan balance owed by the Member during the one-year period ending on the day before the loan is made, or

(ii) 50% of his vested Accrued Benefit;

(b) the minimum amount of any loan made hereunder shall be $1,000;

(c) a fee shall be charged for processing a loan application, and such fee shall be such amount as is then charged for such purpose under the Plan's loan program;

(d) loans must be repaid in full before a new loan will be granted; and

(e) an employee may have payroll deductions taken out of his regular or severance pay check to pay back his loan.

14.2 Collateral Required. A note shall be signed by the Member and his or her Spouse, if any, pledging not more than 50% of his vested Accrued Benefit equal to the value of the outstanding loan balance and such other collateral as may from time to time be required by controlling law or regulation.

Where the account balance is to be used as collateral, written spousal consent shall be obtained no earlier than the beginning of the 90-day period that ends on the date on which the loan is to be so secured. The consent must acknowledge the effect of the loan and must be witnessed by the Plan Administrator or a notary public.

14.3 Repayment. The loan shall be repaid in substantially equal installments consisting of principal and interest at least quarterly. The term of the loan is not to exceed five (5) years unless the loan is used to buy or build the Member's principal residence. Principal residence status shall be determined at the time of the loan. Loan repayments are to be deducted from the salary paid by the Employer to such Member; except that any loan made to a non-Employee shall be repaid by that non-Employee in substantially equal monthly installments.

14.4 Interest Charges. Interest shall be charged on loans based on the prime rate plus 2%.

14.5 Failure to Make Timely Payment. In the event an installment payment is not paid within thirty (30) days following the due date of an installment the Plan Administrator shall give written notice to the Member sent to his last known address. If such installment payment is not made within thirty (30) days thereafter, the Plan Administrator shall have the right to accelerate the loan and to reduce the Member's Accrued Benefit to the extent permitted by law by the amount of the unpaid loan balance including interest then due. If the Member's Accrued Benefit must be used to eliminate any Plan loan which is in default, the Member's various accounts shall be depleted in the following order:

(a) Profit Sharing Contribution Account to the extent vested

(b) Matching Contribution Account, to the extent vested

(c) Rollover Account

(d) Basic Contribution Account.

14.6 Termination of Employment. In the event of the termination of a Member's employment before the loan is repaid in full, the unpaid balance thereof, together with interest immediately due thereon, shall become due and payable, and the Trustee shall first satisfy the indebtedness from the amount payable to the Member or to the Member's Beneficiary before making any payments to the Member or to the Member's Beneficiary. Employees can repay the loan in full upon termination.

14.7 Loans to Non-Employees. Any Member who ceases to be an active Employee may be eligible to borrow from the Plan under terms and conditions reflecting valid economic differences between active Members and other Members which would be considered in a normal commercial setting, such as the unavailability of payroll deductions for repayment. In addition, there will be an annual fee for the administration of each of such loans as determined by the Plan Administrator, and such fee shall be such amount as is then charged for such purpose under the Plan's loan program. In no event will loans be unreasonably withheld from any applicant. Notwithstanding the foregoing, however, no loan will be made available to a terminated Employee unless he is also a "party in interest" as that term is defined in ERISA section 3(14).

14.8 No Loans to Owner-Employees. Loans shall not be made to any Shareholder-Employee or Owner-Employee unless an exemption for such loan is obtained pursuant to ERISA section 408 and further provided that such loan would not be subject to tax pursuant to section 4975 of the Code.

14.9 General Administration. The Trustee and the Plan Administrator shall have the right to establish such procedures as may be reasonable, necessary or desirable to carry out the provisions of this Section 14.

14.10 Qualified Military Leave. Notwithstanding anything in Section 14 to the contrary, loan repayments will be suspended under the Plan as permitted under section 414(u)(4) of the Code.

SECTION 15

MISCELLANEOUS

15.1 "Spendthrift" Provision. Except as provided under section 401(a)(13) of the Code (and the regulations thereunder), no benefits payable under the Plan will be subject to the claim or legal process of any creditor of any Member or Beneficiary, and no Member or Beneficiary may alienate, transfer, anticipate or assign benefits under the Plan.

The preceding paragraph shall also apply to the creation, assignment, or recognition of a right to any interest or benefit payable with respect to a Member pursuant to a domestic relations order, unless the order is determined to be a Qualified Domestic Relations Order (as defined in section 414(p) of the Code). The Plan Administrator shall establish reasonable procedures in accordance with Section 15.2 to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

15.2 QDRO Exception. In the event that a Qualified Domestic Relations Order (as defined in section 414(p) of the Code) ("QDRO") is issued with respect to any Member, the Plan Administrator shall notify the Member and the alternate payee(s) of the order received and segregate and conservatively invest the portion of the Member's Accrued Benefit which would be payable to the alternate payee(s) as if the order received were a QDRO. Within 18 months of the order, the Plan Administrator shall proceed with either (a) or (b) as follows:

(a) if the order is determined to be a QDRO, the Plan Administrator shall pay the alternate payee(s), notwithstanding Section 6, (i) at the time specified in such order or, if the order permits, (ii) as soon after the Plan Administrator approves the order as is administratively feasible provided such distribution is permitted under applicable provisions of the Code;

or

(b) if the order is determined not to be a QDRO, or the issue remains undetermined, the Plan Administrator shall pay the portions of the Member's Accrued Benefit segregated in accordance with the above to the Member or Beneficiary (Beneficiaries) who are otherwise entitled to such benefit.

If, 18 months after issuance of the order, a determination is made that the order is a QDRO, the determination shall be applied prospectively only.

Notwithstanding any provision in the Plan to the contrary, a distribution may be made to an alternate payee even if the distribution is made with respect to a

Member who has not separated from service and the distribution commences prior to the Member's "earliest retirement age" (as defined in section 414(p)(4)(B) of the Code). If the value of the benefit to be paid to the alternate payee does not exceed $5,000, the distribution shall automatically be made in the form of a lump sum as soon as administratively feasible following the date that the domestic relations order is deemed to be qualified. If the value of the benefit to be paid to the alternate payee exceeds $5,000, a distribution may be made prior to the earliest retirement age only if the alternate payee consents in writing to such early distribution; provided that if on any later date the value of the benefit to be paid to the alternate payee is not greater than $5,000, the value of the benefit to be paid to the alternate payee shall be automatically distributed in the form of a lump sum as soon as administratively feasible following the later of the (i) the date that the value of the benefit is not greater than $5,000, and (ii) the date that the domestic relations order is deemed to be qualified.

15.3 No Guarantee of Employment. Nothing contained in this Plan or the Trust shall be held or construed to create any liability upon the Employer to retain any Employee in its employ. The Employer reserves the right to discontinue the services of any Employee without any liability except for salary or wages that may be due and unpaid whenever, in its judgment, its best interests so require.

15.4 State Law. The Plan shall be construed administered and governed in all respects in accordance with the laws of the State of New York to the extent such laws are not superseded by federal law. If any provision herein is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

SECTION 16

DIRECT ROLLOVER PROVISIONS

16.1 Application of Article. This Article applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

16.2 Definitions.

(a) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of any benefit due to the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any other distribution(s) that is reasonably expected to total less than $200 during a Plan Year; effective January 1, 2000, any hardship distributions as described in Section 401(k)(2)(B)(i)(IV), which are attributable to the Member's Basic Contributions under Treasury Regulation 1.401(k)-(d)(2)(ii).

(b) Eligible Retirement Plan. An Eligible Retirement Plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust that is part of a defined contribution plan described in section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

(c) Distributee. A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.

(d) Direct Rollover. A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

APPENDIX A

ACQUIRED COMPANIES	ELIGIBILITY FROM ORIGINAL DATE OF HIRE BY ACQUIRED COMPANY	VESTING FROM ORIGINAL DATE OF HIRE BY ACQUIRED COMPANY
Franklin Specialty Stores	X	
Polo Players	X	X

Exhibit 10.33

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POLO RALPH LAUREN

PROFIT SHARING RETIREMENT SAVINGS PLAN

(For Hourly Employees of Fashions Outlet of America, Inc.

and Subsidiaries and Polo Clothing Co., Inc.)

Amended and restated generally effective as of March 31, 2001

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(v)

POLO RALPH LAUREN CORPORATION

PROFIT SHARING RETIREMENT SAVINGS PLAN

(FOR HOURLY EMPLOYEES OF FASHIONS OUTLET OF AMERICA, INC.
AND SUBSIDIARIES AND POLO CLOTHING CO., INC.)

AMENDED AND RESTATED
GENERALLY EFFECTIVE AS OF MARCH 31, 2001

WHEREAS, Polo Ralph Lauren, (hereinafter, the "Employer") sponsors and maintains the Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan (for Hourly Employees of Fashions Outlet of America, Inc. and Subsidiaries and Polo Clothing Co., Inc.) (hereinafter, the "Plan"); and

WHEREAS the Employer wishes to amend and restate the Plan to conform with the requirements of the Uniform Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Surface Transportation Revenue Act of 1998, the Internal Revenue Service Restructuring and Reform Act of 1998 and other applicable laws, regulations, and announcements.

NOW, THEREFORE, the Employer hereby adopts the following amended and restated Plan, effective March 31, 2001 (or such other dates as may be specified herein, or such earlier dates as are required in order to comply with any of the foregoing legislative changes, regulations and announcements) with such Plan to be applicable (except as otherwise expressly provided to the contrary herein) only to those eligible employees who are actively employed (or, on a qualified leave of absence from which they return within the designated period) on or after March 31, 2001, and with such Plan to read as follows:

SECTION 1

DEFINITIONS

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context; and the following rules of interpretation shall apply in reading this instrument. Pronouns shall be interpreted so that the masculine pronoun shall include the feminine and the singular shall include the plural. The words "hereof," "herein" and other singular compounds shall refer to the Plan in its entirety and not to any particular provision or section, unless so limited by the text. All references herein to specific sections shall mean sections of this document unless otherwise qualified.

1.1 Accrued Benefit means the sum of the balance in the Member's Profit Sharing Contribution Account, Basic Contribution Account, Top-Heavy Contribution Account, Matching Contribution Account and Rollover Account.

1.2 Actual Contribution Ratio (ACR), with respect to any Member for a Plan Year, means a fraction of which the numerator equals the Matching Contributions paid to the Trust for a Plan Year on behalf of such Member and of which the denominator equals the Member's Compensation for the Plan Year.

1.3 Actual Deferral Ratio (ADR), with respect to any Member for a Plan Year, means a fraction of which the numerator equals the Basic Contributions paid to the Trust for the Plan Year on behalf of such Member and of which the denominator equals the Member's Compensation for the Plan Year.

1.4 Additional Basic Contribution means a qualified nonelective contribution as defined in Treasury regulation 1.401(k)-1(g)(13)(ii).

1.5 Adjustment Factor means the dollar limitation in effect at the beginning of the taxable year prescribed by the Secretary of the Treasury under section 402(g) of the Code, as applied to such items and in such manner as the Secretary shall provide.

1.6 Affiliated Company means:

(a) any corporation which is a member of a controlled group of corporations, including those within the meaning of section 1563(a) of the Code, determined without regard to sections 1563(a)(4) and (e)(3)(C), including the Employer;

(b) any organization under common control with the Employer within the meaning of section 414(c) of the Code;

(c) any organization which is included with the Employer in an affiliated service group within the meaning of section 414(m) of the Code; or

(d) any other entity required to be aggregated with the Employer pursuant to regulations under section 414(o) of the Code.

1.7 Annual Addition means the total for the Limitation Year of the items listed below allocated to the account of an Employee under all defined contribution plans sponsored by an Affiliated Company (except that, for the purpose of this Section, "more than 50%" shall be substituted for "80%" each place it appears in section 1563 of the Code):

(a) Employer contributions to a Member's accounts;

(b) Forfeitures;

(c) the total amount of a Member's nondeductible employee contributions for the Limitation Year (but not including Rollover Contributions); and

(d) amounts described in sections 415(l)(1) and 419A(d)(2) of the Code;

(e) except that the Annual Addition for any Limitation Year beginning before January 1, 1987, shall not be recomputed to treat nondeductible Employee contributions as an Annual Addition.

1.8 Basic Contribution means an elective deferral made by a Member pursuant to Section 3.2 of the Plan.

1.9 Basic Contribution Account means an account established and maintained on behalf of a Member to which his Basic Contributions are allocated.

1.10 Beneficiary means the person, persons, or trust designated by written, revocable designation filed with the Plan Administrator by the Member to receive payments in the event of such Member's death.

1.11 Board means the Board of Directors or Committee or other body authorized and empowered pursuant to law to act for the Plan Sponsor.

1.12 Break in Service means a Plan Year during which a Member fails to be credited with more than 500 Hours of Service.

1.13 Code means the Internal Revenue Code of 1986, and the same as may be amended from time to time.

1.14 Compensation means, except as hereafter specified, salary and wages, overtime pay, fees, tips, profits, bonuses and commissions paid by the Employer to an Employee, including the Basic Contribution made hereunder during the Plan Year, elective deferrals made pursuant to section 125 of the Code, amounts not includable in a Employee's gross income pursuant to section 132(f) of the Code, and all other earnings reportable under sections 6041 and 6051 of the Code on Form W-2 received by an Employee from the Employer, but excluding all other Employer contributions to benefit plans and all other forms of compensation such as severance pay. For purposes of Section 7, the Employer may elect for a specific Plan Year to limit the period taken into account for the determination of Compensation to the period during which the Employee is a Member. This limit shall be applied uniformly to all Members under the Plan for the Plan Year in accordance with section 1.401(k)-1(g)(2)(i). Notwithstanding the preceding sentence, for any Plan Year beginning on or after the Effective Date, Compensation shall exclude any remuneration received by a Member in excess of $170,000, as adjusted by the Secretary of the Treasury, for cost of living, at the same time and in the same manner as under section 415(d) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual compensation limit, as adjusted, will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

(a) For purposes of the nondiscrimination tests set forth in Section 7, and except as provided in section 414(s) of the Code, Compensation means any income received by the Employee from the Employer in accordance with section

415(c)(3) of the Code, for the Plan Year for which compliance with the tests is being measured.

(b) For purposes of measuring the limits set forth in section 415 of the Code, Compensation shall mean earned income, wages, salaries, fees, commissions, percentage of profits, tips, and all other earnings of a Member reportable on Form W-2 for the Plan Year, but specifically excluding the following:

(i) Employer contributions made on behalf of an Employee to a SEP to the extent they are deductible by the Employee under section 219(b)(2) of the Code;

(ii) distributions from a deferred compensation plan (except from an unfunded nonqualified plan when includible in gross income);

(iii) amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(iv) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(v) other amounts which receive special tax benefits, such as premiums for group term life insurance (to the extent excludable from gross income) and Employer contributions towards the purchase of an annuity contract described in section 403(b) of the Code.

1.15 Disability means a physical or mental condition of a Member resulting from bodily injury, disease or mental disorder which renders him incapable of continuing his usual and customary employment with the Employer. The disability of a Member shall be determined by a licensed physician chosen by the Plan Administrator. The determination shall be applied uniformly to all Members.

1.16 Early Retirement Date means the date on which a Member has attained age 55 and has completed at least 7 Years of Service.

1.17 Earned Income means with respect to a Self-Employed Individual or Shareholder-Employee, the net earnings from self-employment in the trade or business with respect to which the Plan is established, for which the personal services of the individual are a material income-producing factor. Net earnings shall be determined without regard to items not included in gross income and the deductions allocable to such items; however, net earnings shall be determined with regard to the deductions allowed to the Employer by section 164(f) of the Code for taxable years beginning after December 31, 1989. Net earnings are reduced by contributions by the Employer to a qualified plan to the extent deductible under section 404 of the Code.

1.18 Effective Date of this amended and restated Plan means March 31, 2001.

1.19 Eligibility Computation Period means:

(a) the twelve-consecutive-month period commencing with the date an Employee first is credited with an Hour of Service; and

(b) thereafter any Plan Year commencing with the Plan Year in which occurs the first anniversary of the date an Employee first is credited with an Hour of Service.

1.20 Eligible Employee means any Employee of the Employer who satisfies the following conditions:

(a) he is not a leased employee within the meaning of section 414(n)(2) of the Code;

(b) he is an Hourly Employee of Fashions Outlet of America, Inc. or its subsidiaries or of Polo Clothing Co., Inc.;

(c) he is not covered by a collective bargaining agreement, unless such collective bargaining agreement specifically provides for coverage under the Plan; and

(d) he is classified as a "common law" employee by the Employer.

Notwithstanding anything contained herein to the contrary, an individual classified as an "independent contractor" by the Employer, or any individual who renders services for the Employer while on the payroll of an entity other than the Employer, shall not be deemed to be an Eligible Employee even if such individual is deemed to be a common law employee of the Employer for any other purpose by any governmental authority, including without limitation, the Internal Revenue Service, Department of Labor or a court of competent jurisdiction.

1.21 Employee means an individual in the employ of the Employer and shall include leased employees within the meaning of section 414(n)(2) of the Code. Contributions or benefits provided a leased employee by the leasing organization that are attributable to services performed for the Employer shall be treated as provided by the Employer.

1.22 Employer means Fashions Outlet of America, Inc., Polo Clothing Co., Inc. and any other business organization which succeeds to its business and elects to continue this Plan, and any subsidiaries of Fashions Outlet of America, Inc. and any Affiliated Company which adopts this Plan with the consent of the Plan Sponsor.

1.23 Entry Date means the first day after an Employee of the Employer fulfills all eligibility requirements for participation in the Plan, as described in Section 1.20.

1.24 ERISA means the Employee Retirement Income Security Act of 1974, and the same as may be amended from time to time.

1.25 Fiscal Year means the twelve-month period ending on the Saturday closest to March 31 divided into four fiscal quarters.

1.26 Forfeiture means that portion of a Member's Accrued Benefit, as determined under the Plan's vesting schedule, which may be relinquished by the Member.

1.27 Fund means all assets of the Trust.

1.28 "Highly Compensated Employee" means, with respect to any Plan Year, any Employee of the Employer (whether or not eligible for membership in the Plan) who:

(a) at any time during such Plan Year or the preceding Plan Year was a "five (5) percent owner" (within the meaning of section 416(i)(1) of the Code) of the Employer or an Affiliated Company; or

(b) during the preceding Plan Year had Compensation in excess of $85,000 (as adjusted in accordance section 415(d) of the Code).

(c) "Compensation" shall mean for the purpose of this Section, section 415(c)(3) of the Code compensation.

1.29 Hour of Service means each hour for which an Employee is directly or indirectly paid or entitled to be paid by the Employer or an Affiliated Company regardless of whether employment duties are performed, and each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Employer or Affiliated Company. These hours shall be credited to an Employee for the computation period during which his employment duties were performed; but in the event a payment is made or due for a reason other than the performance of duties, hours shall be credited for the computation period during which the absence from work occurred or to which a back pay agreement or award pertains. However, no Employee shall be credited with duplicate Hours of Service as a result of a back pay agreement or award. Hours of Service shall also include each hour (credited on the basis of the Employee's customary workday) during which an Employee is on an uncompensated excused Leave of Absence, provided that such Employee shall be credited with no more than 501 Hours of Service for each complete Plan Year during which the uncompensated Leave of Absence is in effect. Hours of Service for service performed, for the period prior to the acquisition date, for a company subsequently acquired by the Employer shall be credited for eligibility purposes only to the extent expressly so provided in Appendix A. Notwithstanding any provision in this Plan to the contrary, contributions, benefits and

service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

(a) For purposes of determining the number of Hours of Service completed in any applicable computation period, the Employer may maintain accurate records of actual hours completed for all Employees. The number of Hours of Service to be credited to an Employee for periods during which no employment duties are performed shall be determined in accordance with sections 2530.200b-2(b) and 2530.200b-2(c) of the Department of Labor regulations in Title 29 of the Code of Federal Regulations.

(b) In instances where actual Hours of Service are not maintained, an Employee shall be credited with 45 Hours of Service for each week in which such Employee would otherwise be credited with at least one Hour of Service.

(c) Notwithstanding (a) and (b) above and solely for the purpose of preventing a Break in Service, an Employee shall be credited with Hours of Service during an absence by reason of:

(i) the pregnancy of the Employee;

(ii) the birth of a child of the Employee;

(iii) the placement of the child with the Employee in connection with the adoption of such child by the Employee;

(iv) the care of the child beginning immediately after such birth or placement;

(v) leave under the Family and Medical Leave Act of 1993; or

(vi) qualified military service under section 414(u) of the Code;

provided the Employee, shall during the period of his absence, be credited with the number of Hours of Service which would have been credited to him at his normal work rate but for such absence or, if the number of Hours of Service based on a normal rate is indeterminable, the Employee shall be credited with 8 Hours of Service per day of such absence. Notwithstanding the foregoing, the Employee shall be credited with no more than 501 Hours of Service during said absence.

(d) In instances where actual Hours of Service are maintained, the maternity/paternity leave described in (c) above shall be credited to the computation period in which the absence began if necessary to avoid a Break in Service or if not necessary, then to the following computation period.

(e) For the purposes of vesting only, an Hour of Service shall include each hour of employment with The Ralph Lauren Home Collection operations of J.P. Stevens & Co. Inc. for which an Employee was entitled to Compensation prior to commencement of such operations by Polo Ralph Lauren Corporation.

(f) For purposes of eligibility and vesting, an Hour of Service shall include each hour of employment with Ralph Lauren Womenswear, Inc. ("RLW") or Bidermann Industries Corporation ("BIC") for which an Employee was entitled to compensation prior to the purchase by The Ralph Lauren Womenswear Company, L.P. ("Womenswear") of certain assets of RLW on October 16, 1995, provided that such Employee became an Employee of Womenswear or any Affiliated Company between October 16, 1995 and December 31, 1995, and provided further that such Employee has not received from RLW or BIC any payment in respect of or relating to such Employee's termination of employment by RLW or BIC. For purposes of computing eligibility and vesting service under this section 1.29(f) only, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month in which he/she is credited with at least one (1) Hour of Service during a period of employment with RLW or BIC, Inc. prior to October 16, 1995.

(g) For purposes of eligibility and vesting, an Hour of Service shall include each hour of service with Englewood Travel, Inc. ("EWI") and Adelman Travel Systems, Inc. ("ATS") for which an Employee was entitled to compensation prior to such Employee's employment by Polo Wings II, Inc. ("Wings"), provided that such Employee became an Employee of Wings or any Affiliated Company between May 13, 1996 and July 31, 1996; that such Employee was employed by EWI immediately prior to such transfer, and that such employee was, while an employee of EWI or ATS, engaged in providing travel services to Polo Ralph Lauren, L.P. or its predecessor Polo Ralph Lauren Corporation ("Polo") on Polo's premises pursuant to a written contract between EWI or ATS and Polo. For purposes of computing eligibility and vesting service under this section 1.29 (g) only, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month in which he/she is credited with at least one (1) Hour of Service during a period of employment with EWI or ATS, prior to May 13, 1996.

(h) For purposes of eligibility and vesting, an Hour of Service shall include each hour of employment with Polo Retail Corporation ("Retail") for which an Employee was entitled to compensation prior to the purchase by the Company of Retail on April 3, 1997, provided that such Employee was employed by Retail immediately prior to such sale. For purposes of computing eligibility and vesting service under this section 1.29(h) only, if the actual number of Hours of Service cannot be calculated, an Employee shall be credited with one hundred and ninety (190) Hours of Service for each calendar month in which he/she is credited with at least (1) Hour of Service during a period of employment with Retail prior to January 1, 1997.

1.30 Hourly Employee means any nonexempt (for purposes of overtime) Employee whose compensation is calculated on the basis of an hourly rate as

distinguished from "salaried" Employees who receive a salary based on a weekly, monthly, annual or similar basis.

1.31 Leave of Absence means any temporary absence from employment authorized by the Employer based on its normal practices. An Employee's Period of Service shall continue uninterrupted during such leave.

1.32 Limitation Year shall be the Plan Year.

1.33 Matching Contribution means a contribution made on behalf of a Member pursuant to Section 3.3 of the Plan.

1.34 Matching Contribution Account means an account established and maintained on behalf of a Member to which his Matching Contributions are allocated.

1.35 Member means any Eligible Employee included in the membership of the Plan as provided in Section 2 hereof. A Member shall continue to be a Member as long as he has an Accrued Benefit hereunder.

1.36 Non-Highly Compensated Employee means any Employee who is not a Highly Compensated Employee.

1.37 Normal Retirement Date means the Member's 65th birthday.

1.38 Owner-Employee means a sole proprietor who owns the entire interest in the Employer or a partner who owns more than 10% of either the capital interest or the profits interest in the Employer and who receives remuneration for personal services from the Employer.

1.39 Period of Service means the period between an Employee's date of hire or rehire, as applicable, and the date on which he ceases to be an Employee.

1.40 Plan means Polo Ralph Lauren Corporation Profit Sharing Retirement Savings Plan (for Hourly Employees of Fashions Outlet of America, Inc. and subsidiaries and Polo Clothing Co., Inc.), as set forth herein.

1.41 Plan Administrator is the individual or entity provided for in Section 12 hereof.

1.42 Plan Sponsor means Fashions Outlet of America, Inc. or its successor.

1.43 Plan Year means the twelve-month period ending on the Saturday closest to March 31.

1.44 Prior Plan means the qualified plan of the Employer in effect through March 30, 2001.

1.45 Profit Sharing Contribution means a contribution made by the Employer pursuant to Section 3.1.

1.46 Profit Sharing Contribution Account means an account established and maintained on behalf of a Member to which his Profit Sharing Contributions are allocated.

1.47 Retirement means the termination of a Member's employment with the Employer on his Early or Normal Retirement Date or such later date on which he actually terminates employment.

1.48 Rollover Account means the account established and maintained pursuant to Section 6 of the Plan.

1.49 Rollover Contribution means the amount contributed to the Plan pursuant to Section 6.8.

1.50 Self-Employed Individual means an individual who has Earned Income for the taxable year from the trade or business for which the Plan is established, and shall also include an individual who would have Earned Income but for the fact that the trade or business had no net profits for the taxable year. A Self-Employed Individual shall be treated as an Employee.

1.51 Shareholder-Employee means a Member who owns more than five percent (5%) of the Employer's outstanding capital stock during any year in which the Employer elected to be taxed as an "S" corporation under the Code.

1.52 Spouse means the husband or wife of a Member on the date benefits under the Plan commence. However, if the Member should die prior to the date benefits under the Plan would have commenced to him, then the Spouse shall be the husband or wife to whom the Member had been married throughout the one-year period preceding the date of his death.

1.53 Top-Heavy Contribution means a contribution made by an Employer pursuant to Section 8 of the Plan.

1.54 Top-Heavy Contribution Account means an account established and maintained on behalf of a Member to which Top-Heavy Contributions, if any, are allocated.

1.55 Trust means a trust, intended to qualify under section 501(a) of the Code, constituting the legal agreement between the Plan Sponsor and the Trustee, fixing the rights and liabilities with respect to managing and controlling the Fund for the purposes of the Plan.

1.56 Trustee means the individual or entity designated by the Board as trustee(s) or any successor trustee(s) of the Trust.

1.57 Valuation Date means, every business day during a Plan Year.

1.58 Year of Service means the period of service with the Employer and any Affiliated Company used to determine vesting pursuant to Section 5 of the Plan as follows:

(a) except as otherwise provided below, each Plan Year during which an Employee completes at least 1,000 Hours of Service;

(b) for Years of Service (or fractions thereof) prior to April 1, 1989, any period which was a year of service (or fraction thereof) under such plan in effect on March 31, 1989;

(c) for Years of Service after April 1, 1990, except as provided in paragraph (b) of this Section, each twelve (12) consecutive month computation period during which the Member is credited with at least 1,000 Hours of Service. Except for eligibility purposes herein, the computation period shall be the Plan Year. For purposes of eligibility, such computation period shall be the Eligibility Computation Period.

Notwithstanding the foregoing,

(i) if an Employee is rehired prior to incurring a Break in Service, his Years of Service shall be computed as though his service had not been severed,

(ii) an Employee who is absent by reason of service in the armed forces of the United States, and who returns to service with the Employer within the time during which his reemployment rights are protected by federal law, shall be treated as though his employment had not been severed, and

(iii) if the Employer is an Affiliated Company, Years of Service shall be determined as if all Affiliated Companies were a single employer, excluding, however, employment during periods when the Employer was not a member of the Affiliated Company. In addition, if the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

(d) For purposes of vesting only, a Year of Service shall include employment with The Ralph Lauren Home Collection operations of J.P. Stevens & Co. Inc. prior to commencement of such operations by Polo Ralph Lauren Corporation.

(e) Years of service completed prior to January 1, 1982 for Members who were covered under the Polo Players, Ltd. Deferred Savings Plan will not be counted for vesting purposes.

(f) Notwithstanding the foregoing, Members of the Polo Player, Ltd. Deferred Savings Plan are required to complete 800 Hours of Service

between January 1, 1990 through December 31, 1990 to receive a Year of Service for vesting credit.

(g) Years of Service for service performed, for the period prior to the acquisition date, for a company subsequently acquired by the Employer shall be credited only to the extent expressly so provided in Appendix A.

(h) If a Member incurs a Break in Service, his Years of

Service before that Break in Service (and not disregarded by reason of any prior Break in Service) shall be taken into account only if following the Break in Service the Member completes one Year of Service, and:

(i) before the Break in Service the Member had a vested interest in his Accrued Benefit;

(ii) effective for consecutive Breaks in Service ending before January 1, 1985, the aggregate number of the Member's Years of Service before the Break in Service (and not disregarded by reason of any prior Break in Service) equal or exceed the aggregate number of his consecutive Breaks in Service; or

(iii) effective for consecutive Breaks in Service ending on or after January 1, 1985, the aggregate number of the Member's consecutive Breaks in Service is less than five (excluding Years of Service which were disregarded by reason of any prior Break in Service) before such Break in Service.

If a Member's Years of Service are disregarded pursuant to the preceding paragraph, then such Member shall be treated as a new Employee, for eligibility purposes, upon reemployment. If they may not be disregarded pursuant to the preceding paragraph, then such Member shall continue to participate in the Plan or, if terminated, shall participate immediately upon reemployment.

(i) For purposes of eligibility and vesting, a Year of Service shall include each year of employment with RLW or BIC for which an Employee was entitled to compensation prior to the purchase by Womenswear of certain assets of RLW on October 16, 1995, provided that such Employee became an Employee of Womenswear or any Affiliated Company between October 16, 1995 and December 15, 1995, and provided further that such Employee has not received from RLW or BIC any payment in respect of or relating to such Employee's termination of employment by RLW or BIC.

(j) For purposes of eligibility and vesting, a Year of Service shall include each year of continuous employment with EWI and ATS for which an Employee was entitled to compensation prior to such Employee's employment by Wings provided that such Employee became an Employee of Wings or any Affiliated Company between May 13, 1996 and July 31, 1996, and provided further that such Employee was employed by EWI or ATS prior to May 13, 1996 and was engaged in rendering travel

services to the Company, Polo Ralph Lauren, L.P. or its predecessor Polo on Polo's premises pursuant to a written contract between EWI or ATS and Polo.

(k) For purposes of eligibility and vesting, a Year of Service shall include each year of continuous employment with Retail for which an Employee was entitled to compensation prior to the purchase by the Company of Retail on April 3, 1997, provided that such Employee was employed by Retail immediately prior to such sale.

SECTION 2

MEMBERSHIP IN THE PLAN

2.1 Current Members. Each Employee who was participating in the Prior Plan on March 30, 2001 shall automatically continue as a Member hereunder. Each other Employee who is an Eligible Employee as of the Effective Date shall become a Member of the Plan on such date.

2.2 New or Reemployed Members. Each other Employee shall become a Member on the Entry Date coincident with or next following the date he qualifies as an Eligible Employee. A reemployed Employee shall become a Member on the next Entry Date following his date of reemployment if he had been a Member of the Plan during his prior period of employment and had incurred a prior Break in Service such as would cause his Years of Service to be disregarded, or had become eligible but had not yet entered the Plan. Otherwise, a reemployed Employee shall become a Member of the Plan as of the date of his reemployment.

2.3 Changes in Category. If an Employee's status changes either from a category of ineligibility to a category of eligibility, or from a category of eligibility to a category of ineligibility, his employment during the period of ineligibility shall be considered as Years of Service for vesting purposes hereunder. For purposes of Section 3, only Compensation earned from the Employer during a period in which the Employee is both an Eligible Employee and a Member shall be considered in determining the amount of the contribution made to the Trust on behalf of the Employee.

If a Member's status changes to a category of ineligibility, he shall become a Member immediately upon returning to an eligible class of Employees if he has not incurred a Break in Service; otherwise, eligibility shall be determined in accordance with Section 1.12. If an ineligible Employee's status changes to a category of eligibility, he shall become a Member immediately if he has otherwise satisfied the requirements of Section 1.20.

SECTION 3

CONTRIBUTIONS

3.1 Profit Sharing Contributions. The Employer may, in its sole discretion, elect to make a Profit Sharing Contribution to the Plan. The Profit Sharing Contribution with respect to any given Plan Year shall be allocated solely among the "eligible Members" (as hereafter defined) for such Plan Year, in proportion to Compensation. For purposes of this Section only, a Member shall be an eligible Member with respect to any given Plan Year only if such person:

(a) has, not later than the last day of such Plan Year (i) completed at least one Eligibility Computation Period during which such person is credited with at least 1,000 Hours of Service and (ii) attained age 21,

(b) is credited with at least 1,000 Hours of Service during such Plan Year, and

(c) is an Employee on the last day of such Plan Year.

Solely for the purpose of determining who is an eligible Member, a Member shall be deemed to be employed on the last day of a given Plan Year if such Member terminated employment with the Employer on the Friday before the Saturday that is the last day of the Plan Year. Such Member shall be eligible to receive an allocation hereunder whether or not the Member elects to defer a portion of his income to this or any other tax-qualified plan sponsored by the Employer. Each Member's share of the Profit Sharing Contribution shall be deposited to his Profit Sharing Contribution Account.

All contributions to the Plan pursuant to this Section shall be in cash, except to the extent that the Plan Administration, in accordance with such written rules and procedures as shall be established by the Plan Administrator (and which rules and procedures shall be annexed to, and shall become a part of, the Plan) determines to instead denominate such contribution with respect to any one or more Plan Years in the form of shares of Polo Ralph Lauren Corporation Class A Common Stock.

3.2 Basic Contributions.

(a) Each Member who is a Non-Highly Compensated Employee may authorize the Employer to reduce his Compensation by any whole percentage between 0% and 15% of such Compensation, but in no event to exceed the appropriate Adjustment Factor.

(b) Each Member who is a Highly Compensated Employee may authorize the Employer to reduce his Compensation by any whole percentage between 0% and 6% of Compensation, but in no event to exceed the appropriate Adjustment Factor.

Such amount shall be deposited as Basic Contributions hereunder to the Member's Basic Contribution Account. Each Eligible Employee shall file a written election form with the Plan Administrator prior to the date that he becomes a Member specifying the portion of his Compensation that is to be contributed to the Plan as a Basic Contribution. The election of the Member shall remain in effect until the Member files a new election with the Plan Administrator.

3.3 Matching Contributions. The Employer shall make a Matching Contribution, which shall equal $.50 for each $1.00 deposited to such Member's Basic Contribution Account; provided, however, that a Matching Contribution with respect to any given Member shall only be made with respect to amounts deposited to such Member's Basic Contribution Account will respect to periods beginning after the date that such Member first becomes an "eligible Member" (as hereafter defined). For purposes of this Section only, a Member shall become an eligible Member only after the later of:

(a) the end of the first Eligibility Computation Period during which such person is credited with at least 1,000 Hours of Service, and

(b) such person's attainment of age 21.

The Matching Contribution shall be credited to the Member's Matching Contribution Account. Notwithstanding the preceding, no Matching Contributions shall be made with respect to a Member's Basic Contributions in excess of 6% of his Compensation. Compensation, for purposes of this Section, shall mean only Compensation earned by an Employee while he is a Member of the Plan.

All contributions to the Plan pursuant to this Section shall be in cash, except to the extent that the Plan Administration, in accordance with such written rules and procedures as shall be established by the Plan Administrator (and which rules and procedures shall be annexed to, and shall become a part of, the Plan) determines to instead denominate one-half of such contribution (or, at the Member's election, one hundred percent of such contribution), and with respect to such periods of time as shall be determined by the Plan Administration, in the form of shares of Polo Ralph Lauren Corporation Class A Common Stock.

3.4 Adjustments to Contribution Limits. Notwithstanding Sections 3.2 and 3.3, the maximum Basic Contribution deferral percentage and the amount of Employer Matching Contributions may be increased or decreased at the discretion of the Board, provided that no such adjustment may be made without at least thirty (30) days' written notice to all Members.

3.5 Adjustments to Contributions. A Member may increase or decrease the rate of Basic Contributions effective as of any Valuation Date by submitting a new election to the Plan Administrator. A Member may suspend Basic Contributions at any time by submitting written notice to the Plan Administrator. Suspensions during the Plan Year shall be effective as soon as practicable after the election to suspend is filed

with the Plan Administrator. A Member may recommence Basic Contributions to the Plan effective as of any Valuation Date by submitting a new written election to the Plan Administrator, prior to such Valuation Date.

3.6 Distribution of "Excess Deferral Amounts". Notwithstanding any other provision of the Plan, Excess Deferral Amounts as adjusted for income or losses thereon shall be distributed to Members who claim such Excess Deferral Amounts for the preceding calendar year.

(a) For purposes of this Section, Excess Deferral Amount shall mean the amount of a Member's Basic Contribution that causes a Member's Basic Contribution to exceed the appropriate Adjustment Factor. Excess Deferral Amount shall also mean the amount of Basic Contributions for a calendar year that the Member allocates to this Plan pursuant to a claim procedure which shall require that the Member's claim shall be in writing and shall be submitted to the Plan Administrator no later than March 1 following the year in which the Excess Deferral was made. Said claim shall specify the Member's Excess Deferral Amount for the preceding calendar year; and shall be accompanied by the Member's written statement that if such amounts are not distributed, such Excess Deferral Amount, when added to amounts deferred under other plans or arrangements described in sections 401(k), 408(k), 457, 501(c)(18) or 403(b) of the Code, shall exceed the appropriate Adjustment Factor for the year in which the deferral occurred.

(b) A Member who has an Excess Deferral during a taxable year may receive a corrective distribution during the same year. Such a corrective distribution shall be made if:

(i) the Member designates the distribution as an Excess Deferral;

(ii) the correcting distribution is made after the date on which the Plan received the Excess Deferral; and

(iii) the Plan Administrator designates the distribution as a distribution of an Excess Deferral.

(c) The Excess Deferral distributed to a Member with respect to a calendar year shall be adjusted to reflect income or loss in the Member's Basic Contribution Account for the taxable year allocable thereto. The income or loss allocable to such Excess Deferral Amount shall be determined by the method generally used under the Plan to allocate income or loss to a Member's account.

(d) Excess Deferral Amounts, as adjusted for income and losses, shall be distributed to a Member no later than April 15 of the year following the calendar year in which such Excess Deferral was made.

3.7 Overall Limits on Contributions. Contributions made on behalf of any Member during any Plan Year shall be subject to the following:

(a) In no event shall the Annual Addition for a Member exceed the lesser of:

(i) 25% of the Member's Compensation, under Section 1.14(b) for the Limitation Year, or

(ii) the "defined contribution dollar limitation," which shall mean $35,000.

(b) For purposes of the Annual Addition hereunder, Basic Contributions made on behalf of a Member during a payroll period which begins in one Plan Year but ends in the next succeeding Plan Year shall be deemed an Annual Addition for the next succeeding Plan Year, pursuant to Treasury regulation 1.415-6(b)(7). If the excess Annual Additional results from a contribution made under Section 3.2, the excess, together with allocable earnings, determined in such manner as is deemed reasonable by the Plan Administrator, shall be distributed to the contributing Member to the extent permitted by Treasury regulation 1.415-6(b)(6).

(c) If the Annual Addition must be limited for any Member after application of paragraph (b), the excess amounts in the Member's account, together with allocable earnings, determined in such manner as is deemed reasonable by the Plan Administrator, will be used to reduce Employer contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for that Member if that Member is covered by the Plan as of the end of the Limitation Year. However, if that Member is not covered by the Plan as of the end of the Limitation Year, then the excess amounts will be held unallocated in a suspense account for the Limitation Year and allocated and reallocated in the next Limitation Year to all of the remaining Members in the Plan. Furthermore, the excess amounts will be used to reduce Employer contributions for the next Limitation Year (and succeeding Limitation Years, as necessary) for all of the remaining Members in the Plan. Excess amounts may not be distributed to Members or former Members except as provided in paragraph (b).

(d) This Section 3.7 shall be satisfied prior to satisfying the ADP test.

(e) In addition to any other limitations contained in this Section, if the Employer or an Affiliated Company maintains or maintained a defined benefit plan and the amount contributed to the Trust in respect of any Plan Year would cause the amount allocated to any Member under all defined contribution plans maintained by the Employer or an Affiliated Company to exceed the maximum allocation as determined in subsection (d), then the allocation with respect to such Member shall be reduced by the amount of such excess. To the extent administratively feasible, the limitation of this subsection shall be applied to the Member's benefit payable from the defined benefit plan prior to reduction of the Member's Annual Additions under this Plan. The excess allocation shall be reallocated or held in a suspense account in accordance with subsection (c).

(f) If this Plan provides contributions or benefits for one or more Owner-Employees who control both the business for which this Plan is established and one or more other trades or businesses, this Plan and the plan established for other trades or businesses must, when considered as a single plan, satisfy sections 401(a) and (d) of the Code for the employees of this and all other trades or businesses.

If the Plan provides contributions or benefits for one or more Owner-Employees who control one or more other trades or businesses, the employees of the other trades or businesses must be included in a plan which satisfies sections 401(a) and (d) of the Code and which provides contributions and benefits not less favorable than those provided for Owner-Employees under this Plan.

If an individual is covered as an Owner-Employee under the plans of two or more trades or businesses which are not controlled, and the individual controls a trade or business, then the contributions or benefits of the employees under the plan of the trades or businesses which are controlled must be as favorable as those provided for him under the most favorable plan of the trade or business which is not controlled.

For purposes of the preceding paragraphs, an Owner-Employee, or two or more Owner-Employees, will be considered to control a trade or business if the Owner-Employee, or two or more Owner-Employees together:

(1) own the entire interest in an unincorporated trade or business, or

(2) in the case of a partnership, own more than 50 percent of either the capital interest or the profits interest in the partnership.

For purposes of the preceding sentence, an Owner-Employee, or two or more Owner-Employees, shall be treated as owning any interest in a partnership which is owned, directly or indirectly, by a partnership which such Owner-Employee, or such two or more Owner-Employees, is considered to control within the meaning of the preceding sentence.

3.8 Permitted Employer Refunds. Employer contributions hereunder are made with the understanding that this Plan shall qualify under section 401 of the Code, and that such contributions shall be deductible under section 404 of the Code. Any contribution that is disallowed as a deduction shall be refunded to the Employer within one year of such disallowance if the Employer has filed the application for the determination or qualification of this Plan with the IRS by the time prescribed by law for filing the Employer's return for the taxable year in which this Plan was adopted, or by such later date as the Secretary of the Treasury may prescribe.

(a) Any contribution made by the Employer due to a mistake of fact shall be refunded to the Employer within one year of such contribution.

(b) Refunds of contributions due to a disallowance, denial or mistake of fact shall be governed by the following requirements:

(i) earnings attributable to the amount being refunded shall remain in the Plan, but losses thereto must reduce the amount to be refunded; and

(ii) in no event may a refund be made that would cause the Accrued Benefit of any Member to be reduced to less than that which the Member's Accrued Benefit would have been had the mistaken amount not been contributed.

3.9 Timing of Deposits. Employer shall make payment of the Basic Contribution to the Trust under the terms hereof no later than the time period permitted by applicable law and regulations. All other Employer contributions under the Plan shall be deposited to the Trust prior to the due date for filing the Employer's Federal Income Tax Return for the Fiscal Year in which the Plan Year ends, including any extension thereto. In no event shall the Employer Contributions be made in excess of the amount deductible under applicable federal law now or hereafter in effect limiting the allowable deduction for contributions to profit sharing plans. The contributions to this Plan when taken together with all other contributions made by the Employer to other qualified retirement plans shall not exceed the maximum amount deductible under section 404(a) of the Code.

3.10 Profits Not Required. The Employer shall make all contributions to this Plan without regard to current or accumulated earnings or profit for the taxable year or years ending with or within such Plan Year. However, the Plan shall continue to be designed to qualify as a profit sharing plan for purposes of sections 401(a), 402, 404, 412 and 417 of the Code.

SECTION 4

MEMBER ACCOUNTS

4.1 Establishment of Accounts. A Profit Sharing Contribution Account, Basic Contribution Account, Top-Heavy Contribution Account, Matching Contribution Account and Rollover Account shall be established for each Member in accordance with Sections 3, 6 and 8, or under the Polo Players, Ltd. Deferred Savings Plan as applicable. All contributions by or on behalf of a Member shall be deposited to the appropriate account.

4.2 Valuation of Accounts. As of each Valuation Date, the accounts of each Member shall be adjusted to reflect any appreciation or depreciation in the fair market value of a fund and income or losses of a fund which gain or loss shall be allocated pro rata to each Member's account. The fair market value of the Fund shall be determined by the Trustee and communicated to the Plan Administrator in writing. Each Member shall be furnished with a statement as soon as practicable after each Valuation

Date, setting forth the value of his Accrued Benefit. It shall represent the fair market value of all securities or other property held for each respective fund, plus cash and accrued earnings, less accrued expenses and proper charges against the fund as of the Valuation Date. The Trustee's determination shall be final and conclusive for all purposes of this Plan.

4.3 Adjustment to Accounts. When determining the value of Member accounts, any deposits due which have not been deposited to the fund on behalf of the Member shall be added to his accounts; and any withdrawals or distributions made which have not been paid out shall be subtracted from the accounts. Similarly, adjustment of accounts for appreciation or depreciation of a fund shall be deemed to have been made as of the Valuation Date on which the adjustment relates, notwithstanding that they are actually made as of a later date.

4.4 Directed Investments. Within the context of the Trust, the Trustee at the direction of the Plan Administrator shall establish one or more investment funds having such investment objectives as may be ascribed to each such fund by the Plan Administrator ("Investment Funds"). Such Investment Funds may consist of the Trust's investment in (i) one or more pooled funds established by the Trustee, if it is a bank or trust company, for the investment of the assets of tax qualified pension, and/or profit-sharing plans, (ii) one or more mutual funds, (iii) one or more contracts issued by an insurance company, and/or (iv) any other investment vehicle suitable for the investment of assets of the Trust and designated by the Plan Administrator.

The Plan Administrator shall provide information to Members regarding the Investment Funds available under the Plan, including a description of the investment objectives and types of investments of each such Investment Fund. If a prospectus is required to be issued with respect to any such Investment Fund, the Plan Administrator will inform Members of the availability of such prospectus or, if required by law, arrange to furnish a copy of the prospectus to each Member.

A Member's Basic and Matching Contribution Accounts shall be invested as selected by each Member in one or more of the Investment Funds. A Member shall make such investment selections in writing, or otherwise in accordance with procedures established by the Plan Administrator. The Member may select investment in one or more of the Investment Funds in multiples of 1%. The investment selection of a Member shall apply uniformly to all of his accounts.

4.5 Administration of Investments. Contributions made by or on behalf of a Member shall continue to be invested in the manner selected by the Member until the effective date of a new designation which has been properly completed and filed with the Plan Administrator. If any Member fails to make an initial designation, he shall be deemed to have elected investment in an Investment Fund comprised of fixed income or similar types of investments as determined by the Plan Administrator. A designation filed by a Member changing his investment option shall apply to investment of future deposits and/or to amounts already accumulated in his accounts. A Member may change his investment option effective as of any Valuation Date by providing written notice to

the Plan Administrator at least 30 days prior to the Valuation Date on which the change is to occur, or within such lesser period prior to the Valuation Date which is acceptable to the Plan Administrator.

Notwithstanding the foregoing, if a Member files a designation with the Plan Administrator which changes his investment selection with regard to amounts already accumulated in his accounts, the Plan Administrator shall effectuate the investment change by making an estimated transfer between funds in accordance with the designation filed by the Member, based on the value of the Member's accounts as of the Valuation Date preceding the effective date of the designation, plus deposits and less withdrawals between the preceding Valuation Date and the effective date of the designation. This estimated transfer shall be made by the Plan Administrator as soon as practicable after the effective date of the designation. Any remaining adjustments to the transfer between investment funds on behalf of a Member pursuant to a valid designation shall occur after the valuation of Plan assets for the preceding period is completed. No Member shall have any recourse against the Plan Administrator, Plan Sponsor, or any Plan fiduciary for any losses sustained or earnings lost as a result of the timeliness or accuracy of any transfer between investment funds made pursuant to a valid designation.

4.6 Investments for Terminated Members. Any Member who ceases to be an Employee shall continue to have the authority to direct the investment of his accounts. The Plan Administrator and Trustee shall have no authority to direct the investment of any Member's account hereunder other than as the Member so directs in accordance with the provisions of Sections 4.4 and 4.5.

4.7 Valuation Adjustments. The Member's account balances shall be adjusted as of each Valuation Date, in accordance with Section 4.2, based on the performance of the Investment Fund(s) selected by the Member. Each account shall be valued separately.

SECTION 5

VESTING AND FORFEITURES

5.1 Vesting Schedule. A Member shall have a fully vested interest in his Basic Contribution Account and Rollover Account in all instances. A Member's vested interest in his Profit Sharing Contribution Account and Matching Contribution Account shall be determined by the occurrence of the following events:

(a) full vesting shall occur upon the death or Disability of a Member;

(b) full vesting shall occur when a Member attains his Normal Retirement Date or his Early Retirement Date; and

(c) except as otherwise stated above, the Member's vested percentage in his Profit Sharing Contribution Account and Matching Contribution Account shall be determined in accordance with the following schedule:

Years of Service	Vested Percentage
Less than 2 years	0%
After 2 years but less than 3	40%
After 3 years but less than 4	60%
After 4 years but less than 5	80%
After 5 years	100%

(d) Notwithstanding the vesting schedule above, the vested percentage of a Member's Account shall not be less than the vested percentage attained as of the later of the Effective Date or adoption date of this amendment and restatement.

5.2 Forfeitures Reallocated. A Member's vested Accrued Benefit shall be determined in accordance with Section 5.1 as of the date he terminates employment. The nonvested portion shall be forfeited on the earlier of:

(a) the date on which the Member receives a distribution of his vested Accrued Benefit, if any; or

(b) five (5) consecutive one-year Breaks in Service from the Member's date of termination.

Said Forfeiture shall be reallocated as additional Profit Sharing Contributions, in accordance with Section 3.1, to Members still employed on the last day of the Plan Year. Solely for these purposes, a Member shall be deemed to be employed on the last day of the Plan Year if such Member terminated employment with the Employer on the Friday before the Saturday that is the last day of the Plan Year.

For purposes of this Section 5.2, if the value of a Member's vested Accrued Benefit is zero, the Member shall be deemed to have received a distribution of such vested Accrued Benefit. A Member's vested Accrued Benefit shall not include accumulated deductible Employee contributions within the meaning of section 72(o)(5)(B) of the Code for Plan Years beginning prior to January 1, 1989.

A distribution made no later than the close of the second Plan Year following the year in which the Member terminates participation in the Plan is deemed to be made on termination, in accordance with section 411(a)(7)(B) of the Code.

5.3 Change in Vesting Schedule. A Member with at least three (3) Years of Service as of the expiration date of the election period (as set forth below) may elect to have his nonforfeitable percentage computed under the Plan without regard to an amendment or restatement of the Plan. If a Member fails to make such election, then

such Member shall be subject to the new vesting schedule. The Member's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:

(a) the adoption date of the amendment;

(b) the effective date of the amendment; or

(c) the date the Member receives written notice of the amendment from the Employer or Administrator,

except, however, that any Employee who was a Member as of the later of the Effective Date or adoption date of an amendment and restatement and who completed three (3) Years of Service shall be subject to the pre-amendment vesting schedule, provided such schedule is more liberal than the new vesting schedule.

For purposes of this Section 5.3, a Member shall be considered to have completed three (3) Years of Service whether or not consecutive, without regard to the exceptions of section 411(a)(4) of the Code.

SECTION 6

DISTRIBUTIONS

6.1 Distribution of Benefit. A Member who ceases to be an Employee for any reason other than death shall be entitled to receive his vested Accrued Benefit. A Member's Beneficiary shall be entitled to receive the Member's vested Accrued Benefit in the event of the Member's death. A Member or Beneficiary who is entitled to payment under this Section may elect one of the following options:

Option A. A lump sum payment equal to the value of the Member's vested Accrued Benefit determined as of any Valuation Date coincident with or following the date he ceases to be an Employee.

Option B. A lump sum payment after the Valuation Date specified under Option A. as the Member (or Surviving Spouse) requests pursuant to the limitations set forth in Section 6.5 of this Plan. The amount payable shall be equal to the Member's vested Accrued Benefit determined as of the Valuation Date immediately following the date payment is requested.

Option C. Substantially equal monthly, quarterly, semiannual or annual cash installments over a period not to exceed the joint and last survivor life expectancy of the Member and his Beneficiary. Such payments to a Member must commence as provided in Section 6.6 of this Plan, and shall continue to the Member's Beneficiary after the Member's death until the entire vested Accrued Benefit has been distributed. A Member (or in the case of a deceased Member, the Beneficiary) may elect to receive the unpaid portion of his vested Accrued Benefit in a lump sum payment as of

any Valuation Date by submitting a written request to the Plan Administrator.

All distributions required under this Section 6 shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirement of section 1.401(a)(9) -2 of the regulations.

6.2 Election of Benefits. The Member shall notify the Plan Administrator, in writing, of the form and timing of benefit payments. An election may be revoked and a new written election may be filed with the Plan Administrator any time prior to the commencement of benefits. Payment of benefits shall commence as soon as practicable under the option the Member has designated; but in no event later than as provided under Section 6.6 hereof. Notwithstanding the foregoing, if an Employee separates from service with the Employer for reasons other than death, the Employee's vested Accrued Benefit will be paid to him automatically in accordance with Option A, unless the value of his vested Accrued Benefit exceeds $5,000; provided that if the Employee's vested Accrued Benefit exceeds $5,000 on the date that the Employee separates from service and then on any subsequent date the value of the Employee's vested Accrued Benefit is not greater than $5,000, the Employee's vested Accrued Benefit will be paid to him automatically in accordance with Option A at that time.

6.3 Rehire Prior to Incurring Five (5) Consecutive Breaks in Service. If the Member terminates his employment and is rehired by the Employer prior to the date that he would incur his fifth consecutive Break in Service, any amounts previously forfeited shall be restored by the Employer if such Member's vested Accrued Benefit had remained in the Trust until the date the Member was rehired or if the Member had received a distribution and repays the entire amount which was distributed on or before the earlier of five years after the first date on which the Member is subsequently reemployed by the Employer, or the close of the first period of five consecutive one-year Breaks in Service after the withdrawal. The Member's vested interest in such an instance shall be determined thereafter as if he did not have a break in employment. The Employer shall make sufficient contributions equal to the amount forfeited at the time distribution occurred. If the Member does not repay the amount which was distributed to him, new accounts shall be opened upon his reentry into the Plan and the amount forfeited during the Member's prior employment may not be recovered. If a Member receives or is deemed to receive a distribution pursuant to this Section 6 and the Member resumes employment covered under this Plan, the Member's Employer-derived Accrued Benefit will be restored to the amount on the date of distribution if the Member repays to the Plan the full amount of the distribution attributable to Employer contributions before the earlier of 5 years after the first date on which the Member is subsequently reemployed by the Employer, or the date the Member incurs 5 consecutive one-year Breaks in Service following the date of the distribution.

6.4 Death Prior to Total Distribution. If a Member dies before his entire interest has been distributed to him, the remaining portion of such interest shall be distributed in a lump sum as soon as practicable after the next Valuation Date, and in no

event later than five (5) years after the Member's date of death unless Option C. has been chosen by the Member prior to his death.

6.5 Distribution Limitation. In accordance with section 401(a) of the Code and unless he elects otherwise, a Member shall commence distribution hereunder no later than 60 days after the close of the Plan Year in which occurs the later of his Normal Retirement Date, the tenth anniversary of the year in which a Member has commenced participation in the Plan or the date of the Member's termination of employment. Notwithstanding the foregoing, the failure of a Member (and, if married, his Spouse) to consent to a distribution while a benefit is immediately distributable within the meaning of this Section shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this Section.

6.6 Mandatory Distributions. A Member's benefits shall be distributed to him not later than April 1 of the calendar year following the later of (x) the calendar year in which the Member attains age 70-1/2, or (y) the calendar year in which the Member retires; provided that clause (y) shall not apply to any Member who is a "five (5) percent owner" (as defined in section 416(i) of the Code). Notwithstanding the foregoing, if a Member had attained age 70-1/2 before January 1, 1988 and was not a "five (5) percent owner" at any time during the Plan Year ending with or within the calendar year in which the Member attained age 66-1/2 or any subsequent Plan Year, his benefits shall be distributed to him not later than April 1 of the calendar year following the later of (A) the calendar year in which the Member attains age 70-1/2 or (B) the calendar year in which the Member retires. The restrictions imposed by this Section shall not apply if a Member has, prior to January 1, 1984, made a written designation to have his retirement benefit paid in an alternative method acceptable under section 401(a) of the Code as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982. Any such written designation made by a Member shall be binding upon the Plan Administrator. The Member shall be required to withdraw during any Plan Year only the minimum amount required to satisfy the Code.

6.7 Earnings on Undistributed Benefits. A Member's Accrued Benefit shall share in investment income and/or depreciation in accordance with the provisions of Section 4 until his vested Accrued Benefit, valued as of the Valuation Date immediately following his date of termination, is distributed to him.

6.8 Rollovers Into the Plan. Subject to approval of the Plan Administrator, an Employee may roll over to the Trust amounts accumulated for the Employee under any other qualified retirement plan or plans. The amount rolled over shall become subject to all of the terms and conditions of this Plan and Trust Agreement after it is rolled over, except that it shall be fully vested and nonforfeitable at all times. The amounts rolled over shall be deposited in a separate account herein referred to as an Employee's Rollover Account and shall be invested as other accounts. An Employee who makes a rollover contribution to this Plan shall not otherwise participate in the Plan until he qualifies as an Eligible Employee hereunder.

6.9 Evidence in Writing. The Plan Administrator may require the Member to furnish a letter or other evidence in writing from the Administrator of the plan from which the rollover originates, stating that the acceptance of the rollover shall not affect the tax qualified status of the Plan.

6.10 Hardship Withdrawal. A Member may apply in writing to the Plan Administrator for a hardship withdrawal from his vested Accrued Benefit at any time. The withdrawal must satisfy the criteria set forth below and may be approved or disapproved at the discretion of the Plan Administrator. Hardship withdrawals from a Member's Basic Contribution Account are not permitted from income on a Member's Basic Contribution, except to the extent of earnings on or before December 31, 1988, nor are such withdrawals permitted to include amounts treated as Basic Contributions as a result of the application of the special nondiscrimination requirements under rules prescribed by the Secretary of the Treasury for Employer contributions that are used to meet the vesting and withdrawal restrictions for Basic Contributions. The circumstances which may warrant approval of a Member's application for a hardship withdrawal are:

(a) General Rule. For purposes of this Plan, a hardship distribution must be made on account of an immediate and heavy financial need of the Member and must be in an amount not to exceed the sum necessary to satisfy such financial need.

(b) Immediate and Heavy Financial Need. The determination of whether a Member has an immediate and heavy financial need shall be made on the basis of whether a request satisfies the definition of "immediate and heavy financial need," including those deemed needs as set forth below. A financial need shall not fail to qualify as immediate and heavy merely because such need was reasonably foreseeable or voluntarily incurred by the Member.

(c) Deemed Immediate and Heavy Financial Need. A distribution shall be deemed to be made on account of an immediate and heavy financial need of the Member if the distribution is on account of:

(i) expenses for medical care described in section 213(d) of the Code previously incurred by the Member, the Member's spouse, or any dependents of the Member (as defined in section 152 of the Code) or amounts necessary to obtain medical services, which constitute medical expenses described in section 213(d) of the Code;

(ii) costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Member;

(iii) payment of tuition and related educational fees for the next twelve months of post-secondary education for the Member, the Member's spouse, children or dependents;

(iv) the need to prevent the eviction of the Member from his principal residence or foreclosure on the mortgage of the Member's principal residence; or

(v) such other events set forth by the Commissioner of the Internal Revenue Service through the publication of revenue rulings, notices, and other documents of general applicability.

(d) Distribution Deemed Necessary to Satisfy Financial Need (Suspension Method). A distribution shall be deemed to be necessary to satisfy an immediate and heavy financial need of a Member if all of the following requirements are satisfied:

(i) the distribution is not in excess of the amount of the immediate and heavy financial need of the Member plus anticipated federal, state and local income taxes and penalties on distribution;

(ii) the Member has obtained all distributions, other than hardship distributions, and all nontaxable (at the time of the loan) loans currently available under all plans maintained by an Affiliated Company;

(iii) the Member's elective and after-tax contributions under this Plan (and any other qualified or nonqualified plan of deferred compensation maintained by an Affiliated Company) are suspended under a legally enforceable arrangement for at least twelve months after receipt of the hardship distribution; and

(iv) the Member may not make elective contributions for the Member's taxable year immediately following the taxable year of the hardship distribution in excess of the Dollar Limit for such next taxable year less the amount of such Member's elective contributions for the taxable year of the hardship distribution.

(e) The determination of the existence of financial hardship and the amount required to be distributed to meet the need created by the hardship must be made in a uniform and nondiscriminatory manner.

6.11 Withdrawals Permitted After Age 59-1/2. Notwithstanding the foregoing, a Member may apply in writing to the Plan Administrator for a withdrawal from all or a portion of his vested Accrued Benefit any time after attaining age 59-1/2. Such withdrawal shall not be subject to the requirements set forth in Section 6.10 but is subject to the conditions set forth below.

6.12 Conditions for Withdrawals. The following conditions apply to withdrawals made under Sections 6.10 and 6.11:

(a) a Member may make only two hardship withdrawals and one age 59-1/2 withdrawal in any 12-month period;

(b) all withdrawals shall be based on the value of the Member's applicable accounts as of the Valuation Date immediately preceding the withdrawal request. Notwithstanding the foregoing, the Plan Administrator, in its sole discretion, shall base a withdrawal under this Section on the value of a Member's vested Accrued Benefit as of the date of the withdrawal; and

(c) any withdrawal hereunder by a married Member shall be subject to the written consent of his Spouse.

SECTION 7

ACTUAL DEFERRAL AND ACTUAL CONTRIBUTION PERCENTAGE TESTING

7.1 Actual Deferral Percentage Test. The actual deferral percentage (ADP) of Basic Contributions allocated to Members who are Highly Compensated Employees shall not exceed the greater of (a) or (b) as follows:

(a) the ADP of Members who are Non-Highly Compensated Employees times 1.25; or

(b) the ADP of Members who are Non-Highly Compensated Employees times 2.0, but not to exceed the ADP of Members who are Non-Highly Compensated Employees by more than two percentage points.

7.2 ADP Formula.

(a) The ADP for a specified group of Members for a Plan Year shall be the average of the Actual Deferral Ratios (ADR) calculated separately for each Member in such group.

The Plan Administrator shall determine as soon as practicable after the end of the Plan Year whether the ADP for Highly Compensated Employees satisfies either of the tests contained in Section 7.1. In the event neither test is satisfied, the Employer may elect either of the following:

(i) to reduce the allowable Basic Contribution for Highly Compensated Employees as provided in Sections 7.3 and 7.5; or

(ii) to make an Additional Basic Contribution (subject to the requirements of Section 7.6) on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions under Section 3.1 in such amount or amounts as it determines are necessary to satisfy the requirements of Section 7.1, within the time period required by any applicable law or regulation.

(b) The Plan shall take into account the ADRs of all Eligible Employees for purposes of the ADP test. For this purpose, an Eligible Employee is any Employee who is directly or indirectly eligible to make a Basic Contribution under the

Plan for all or a portion of a Plan Year, including an Employee who would be eligible but for his failure to make required contributions and an Employee whose eligibility to make Basic Contributions has been suspended because of an election to take a hardship distribution. In the case of an Eligible Employee who makes no elective contributions, the ADR that is to be included in determining the ADP is zero.

(c) A Basic Contribution shall be taken into account under the ADP test for a Plan Year only if it relates to Compensation that either would have been received by the Employee in the Plan Year (but for the deferral election) or is attributable to services performed by the Employee in the Plan Year and would have been received by the Employee within 2-1/2 months after the close of the Plan Year (but for the deferral election).

(d) A Basic Contribution shall be taken into account under the ADP test for a Plan Year only if it is contributed to the Trust before the last day of the twelve-month period immediately following the Plan Year to which the contribution relates and is allocated within the Plan Year to which the contribution relates. A Basic Contribution is considered allocated as of a date within a Plan Year if the allocation is not contingent on participation or performance of services after such date.

(e) The ADR and ADP shall be calculated to the nearest .01%.

7.3 Calculations of Excess Contributions. The Excess Contributions for a Highly Compensated Employee shall be determined and distributed in the following manner:

(a) "Excess Contributions" shall mean, with respect to any Plan Year, the excess of:

(i) the aggregate amount of Basic Contributions actually taken into account in computing the ADP of Highly Compensated Employees for such Plan Year, over

(ii) the maximum amount of Basic Contributions permitted by the ADP test in accordance with Section 7.1.

(b) The amount of Excess Contributions attributable to each Highly Compensated Employee shall be calculated and distributed by reducing Basic Contributions made by, or on behalf of, the Highly Compensated Employee who has made the greatest dollar amount of Basic Contributions with respect to such Plan Year (or, in the event that more than one Highly Compensated Employee shall have made Basic Contributions of an equal amount, the Basic Contributions of each such Highly Compensated Employee) so that the amount of Basic Contributions of such Highly Compensated Employee (or Highly Compensated Employees, as the case may be) shall equal the amount of Basic Contributions with respect to such Plan Year of the Highly Compensated Employee (or the Highly Compensated Employees, as the case may be) who shall have made the next greatest amount of Basic Contributions with respect to such Plan Year, and an amount equal to the amount of reduction (or reductions, as the case

may be) shall be distributed to such Highly Compensated Employee (or Highly Compensated Employees, as the case may be), provided, however, that the amount of the reduction and the amount to be distributed shall in no event exceed the Excess Contributions with respect to that Plan Year; and if the Excess Contributions with respect to that Plan Year shall exceed the amount distributed to such Highly Compensated Employee (or Highly Compensated Employees, as the case may be) in accordance with the provisions of Section 7.3(a), then further reductions shall be made in accordance with the provisions of Section 7.3(a) until the amount distributed shall equal the Excess Contributions.

7.4 Failure to Correct Excess Contributions. Failure to correct Excess Contributions by the close of the Plan Year following the Plan Year for which they were made shall cause the cash or deferred arrangement to fail to satisfy the requirements of section 401(k)(3) of the Code for the Plan Year for which the Excess Contributions were made and for all subsequent years they remain in the Trust. Also, the Employer shall be liable for a 10% excise tax on the amount of Excess Contributions unless corrected by distribution or recharacterization of Excess Contributions within 2-1/2 months after the close of the Plan Year for which they were made.

7.5 Distribution of Excess Contributions. Excess Contributions shall be distributed to Members on whose behalf such Excess Contributions were made no later than the last day of the Plan Year following the Plan Year for which they were made. Excess Contributions shall be adjusted in the manner utilized under Sections 4.2 and 4.3 to reflect income earned and losses incurred for the Plan Year on the Member's Basic Contributions Account.

7.6 Additional Basic and Matching Contributions. Additional Basic Contributions and Matching Contributions may be treated as Basic Contributions for purposes of the ADP test only if such contributions are nonforfeitable when made and subject to the same distribution restrictions that apply to elective contributions. Additional Basic Contributions and Matching Contributions which may be treated as Basic Contributions must satisfy these requirements without regard to whether they are actually taken into account as Basic Contributions for purposes of satisfying the ADP tests.

Additional Basic Contributions and/or Matching Contributions may be treated as Basic Contributions only if the conditions described in section 1.401(k)-1(b)(5) of the Treasury regulations are satisfied.

The amount of the Additional Basic Contribution for Non-Highly Compensated Employees, or the reduction in the allowable Basic Contribution deferral percentage for Highly Compensated Employees shall be such that at least one of the tests contained in Section 7.1 is satisfied.

7.7 Matching Contributions. Any Matching Contributions made on account of an Excess Contribution or deferral in excess of the Dollar Limit shall be forfeited and shall be used to reduce Matching Contributions for the year of forfeiture.

7.8 Actual Contribution Percentage Test. The actual contribution percentage (ACP) of contributions deposited to the Plan for Members who are Highly Compensated Employees shall not exceed the greater of (a) or (b) as follows:

(a) the ACP of Members who are Non-Highly Compensated Employees times 1.25; or

(b) the ACP of Members who are Non-Highly Compensated Employees times 2.0, but not to exceed the ACP of Members who are Non-Highly Compensated Employees by more than two percentage points.

7.9 ACP Formula.

(a) The ACP for a specified group of Members for a Plan Year shall be the average of the Actual Contribution Ratios (ACR) calculated separately for each Member in such group.

The Plan Administrator shall determine as soon as practicable after the end of the Plan Year whether the ACP for Highly Compensated Employees satisfies either of the tests contained in Section 7.8. In the event neither test is satisfied, the Employer may elect either of the following:

(i) to reduce the allowable Matching Contribution for Highly Compensated Employees as provided in Sections 7.10 and 7.11; or

(ii) to make an additional contribution on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions under Section 3.1 in such amount or amounts as it determines are necessary to satisfy the requirements of Section 7.8, within the time period required by any applicable law or regulation.

(b) The Plan shall take into account the ACRs of all Eligible Employees for purposes of the ACP test. For this purpose, an Eligible Employee is any Employee who is directly or indirectly eligible to receive an allocation of Matching Contributions including an Employee who would be eligible but for his failure to make required contributions and an Employee whose right to receive Matching Contributions has been suspended because of an election not to participate. In the case of an Eligible Employee who receives no Matching Contributions, the ACR that is to be included in determining the ACP is zero.

(c) A Matching Contribution shall be taken into account under the ACP test for a Plan Year only if it is made on account of the Eligible Employee's Basic Contributions for the Plan Year contributed to the Trust before the last day of the twelve-month period immediately following the Plan Year to which the contributions relate and is allocated within the Plan Year to which the contributions relate. Qualified Matching Contributions which are used to meet the requirements of section 401(k)(3)(A) of the Code are not taken into account.

(d) The ACR and ACP shall be calculated to the nearest .01%.

(e) Additional Basic Contributions may be treated as Matching Contributions for purposes of the ACP test of section 401(m) of the Code only if such contributions are nonforfeitable when made and distributable only under the following circumstances:

(i) the Employee's Retirement, death, Disability or separation from service;

(ii) the termination of the Plan without establishment of a successor plan;

(iii) the Employee's attainment of age 59-1/2;

(iv) the sale or other disposition by a corporation to an unrelated corporation, which does not maintain the Plan, of substantially all of the assets used in a trade or business, but only with respect to Employees who continue employment with the acquiring corporation; and

(v) the sale or other disposition by a corporation of its interest in a subsidiary to an unrelated entity which does not maintain the Plan, but only with respect to Employees who continue employment with the subsidiary. Additional Basic Contributions which may be treated as Matching Contributions must satisfy these requirements without regard to whether they are actually taken into account as Matching Contributions.

7.10 Calculation of Excess Aggregate Contributions. The Excess Aggregate Contributions for a Highly Compensated Employee shall be determined and distributed in the following manner:

(a) "Excess Aggregate Contributions" shall mean, with respect to any Plan Year, the excess of:

(i) the aggregate Matching Contributions taken into account in computing the numerator of the ADP actually made on behalf of the Highly Compensated Employees for such Plan Year, over

(ii) the maximum Matching Contributions permitted by the ADP test in accordance with Section 7.8.

(b) The amount contributed to the Matching Contribution Account ("Cumulative Amount") with respect to each such Member shall be calculated by reducing the Cumulative Amount made on behalf of the Member who has been credited with the greatest Cumulative Amount with respect to such Plan Year (or, in the event that more than one Member shall have been credited with a Cumulative Amount of an equal amount, the Cumulative Amount of each such Member) shall be reduced so that the amount of Cumulative Amount of such Member (or Members, as the case may be)

shall equal the Cumulative Amount with respect to such Plan Year of the Member who shall have been credited with the next greatest Cumulative Amount with respect to such Plan Year, and an amount equal to the amount of reduction (or reductions, as the case may be) shall be forfeited, provided, however, that the amount to be forfeited shall in no event exceed the Excess Aggregate Contributions, and (ii) in the event that the Cumulative Amount attributable to a Member who shall have been credited with the greatest Cumulative Amount with respect to such Plan Year is less than the Excess Aggregate Contributions, then further reductions shall be made in accordance with the provisions of the previous sentence of this Section 7.10(b) until such time as the amount allocated to each such Member refunded in accordance with this Section 7.10(b) shall equal the Excess Aggregate Contributions.

7.11 Distribution of Excess Aggregate Contribution. Excess Aggregate Contributions shall be distributed to Members on whose behalf such Excess Aggregate Contributions were made, to the extent vested, no later than the last day of the Plan Year following the Plan Year for which they were made. Nonvested Excess Aggregate Contributions shall be applied as provided in Section 7.13. Excess Aggregate Contributions shall be adjusted in the manner utilized under Sections 4.2 and 4.3 to reflect income earned or loss as incurred for the Plan Year on the Member's Matching Contribution Account.

7.12 Additional Contributions. Basic Contributions and/or Additional Basic Contributions may be treated as Matching Contributions only if the conditions described in Treasury regulation 1.401(m)-1(b)(5) are satisfied.

7.13 Forfeitures. Amounts forfeited by Highly Compensated Employees under Section 7.11 shall be treated as an Annual Addition under the Plan and shall be applied to reduce future Employer Matching Contributions. No forfeiture arising under this Section shall be allocated to the account of any Highly Compensated Employee.

7.14 Aggregate Limit. The sum of the ADP and ACP for Highly Compensated Employees, determined after any corrections required to meet the ADP test or ACP test, shall not exceed the Aggregate Limit as defined herein. If the Aggregate Limit is exceeded for any particular Plan Year, the Plan Administrator may recharacterize, to the maximum extent permitted under Sections 401(k) and 401(m) of the Code and the regulations thereunder, Participants' Basic Contributions and Matching Contributions for purposes of satisfying the Aggregate Limit, and, if after any such recharacterization, the Aggregate Limit is still not satisfied, the Employer may, in its sole discretion, either (i) make Additional Basic Contributions on behalf of some or all of the Non-Highly Compensated Employees eligible to make contributions to the Plan pursuant to Section 3.1 in such amount or amounts as its determines are necessary to satisfy the Aggregate Limit, or (ii) reduce either the ADR or the ACR for all affected Highly Compensated Employees, in accordance with Section 7.3 or 7.10(a), as applicable, and such reductions shall be treated, for each affected Highly Compensated Employee, as an Excess Contribution or an Excess Aggregate Contribution, as applicable. "Aggregate Limit" means the greater of (a) or (b) below:

(a) the sum of

(i) 125% of the greater of the ADP for eligible Non-Highly Compensated Employees, or the ACP for eligible Non-Highly Compensated Employees for the Plan Year; and

(ii) two plus the lesser of such ADP or ACP, but not greater than 200% of the lesser amount; or

(b) the sum of

(i) 125% of the lesser of the ADP for the eligible Non-Highly Compensated Employees or the ACP for the eligible Non-Highly Compensated Employees for the Plan Year; and

(ii) two plus the greater of such ADP or ACP, but not greater than 200% of the greater amount.

7.15 Special Rules.

(a) The ADR and ACR for any Member who is a Highly Compensated Employee for the Plan Year and who is eligible to make Basic Contributions, or to have Matching Contributions allocated to his account, or to make after-tax contributions under two or more plans that are maintained by an Affiliated Company shall be determined as if all such contributions were made under a single plan.

(b) In the event that this Plan satisfies the requirements of sections 410(b) and 401(a)(4) of the Code only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of sections 410(b) and 401(a)(4) of the Code only if aggregated with this Plan, then the contribution percentages and deferral percentages of Members shall be determined as if all such plans were a single plan.

(c) The determination and treatment of the contribution percentage of any Member shall satisfy such other requirements as may be prescribed by the Secretary of the Treasury.

SECTION 8

TOP-HEAVY PROVISIONS

8.1 Top-Heavy Preemption. During any Plan Year in which this Plan is Top-Heavy, as defined in Section 8.2 below, the Plan shall be governed in accordance with this Section, which shall control over other provisions.

8.2 Top-Heavy Definitions. For purposes of this Section, the following definitions shall apply:

(a) "Compensation" means Compensation as defined in Section 1.14(c) for an entire Plan Year, including amounts contributed by the Employer pursuant to a salary reduction agreement which are excludable from the Employee's gross income under sections 125, 132(f), 402(e)(3) or 402(h) of the Code.

(b) "Contribution Rate" means the sum of contributions made by the Employer under this Plan, excluding salary deferral contributions made under this or any other plan maintained by the Employer, plus forfeitures allocated to the Member's accounts for the Plan Year, divided by his Compensation for the Plan Year. To determine the Contribution Rate, the Plan Administrator shall consider all qualified defined contribution plans (within the meaning of the Code) maintained by the Employer as a single plan.

(c) "Determination Date" means the last day of the preceding Plan Year, except in the initial Plan Year, Determination Date means the last day of such Plan Year. For purposes of testing the Top-Heavy status of Required and Permissive Aggregation Groups, Determination Date means the last day of each respective plan's Plan Year which occurs in the calendar year coincident with the Determination Date of this Plan.

(d) "Key Employee" means any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the "Determination Period" was an officer of the Employer if such individual's annual Compensation exceeds 50 percent of the dollar limitation under section 415(b)(1)(A) of the Code, an owner (or considered an owner under section 318 of the Code) of one of the ten largest interests in the Employer if such individual's compensation exceeds 100 percent of the dollar limitation under section 415(c)(1)(A) of the Code, a 5-percent owner of the Employer, or a 1-percent owner of the Employer who has an annual compensation of more than $150,000. Annual compensation means compensation as defined in section 415(c)(3) of the Code, but includes amounts contributed by the Employer pursuant to a salary reduction agreement which are excludible from the Employee's gross income under sections 125, 457, 402(g)(3) or 402(h) of the Code. The "Determination Period" is the Plan Year containing the Determination Date and the 4 preceding Plan Years.

The determination of who is a Key Employee will be made in accordance with section 416(i)(1) of the Code and the regulations thereunder.

(e) "Non-Key Employee" means any Employee currently eligible to participate in the Plan who is not a Key Employee.

(f) "Permissive Aggregation Group" means the Required Aggregation Group plus any other qualified plans maintained by the Employer and Affiliated Companies, but only if such resultant group would satisfy, in the aggregate, the requirements of sections 401(a)(4) and 410 of the Code. The Plan Administrator shall determine which plans to take into account in determining the Permissive Aggregation Group.

(g) "Required Aggregation Group" means:

(i) each qualified plan of the Employer and Affiliated Companies (including any terminated plan that covered a Key Employee and was maintained within the five-year period ending on the Determination Date) in which at least one (1) Key Employee participates during the Plan Year containing the Determination Date or any of the four preceding Plan Years; and

(ii) any other qualified plan of the Employer and Affiliated Companies which enables a plan described in (i) above to meet the requirements of sections 401(a)(4) or 410 of the Code.

(h) "Top-Heavy" shall describe the status of the Plan in any Plan Year if the "Top-Heavy Ratio" as of the Determination Date exceeds sixty percent (60%).

(i) "Top-Heavy Ratio" is a fraction as of the Determination Date, as follows:

Accrued Benefit of all Key Employees
Accrued Benefits of all Employees

(ii) Notwithstanding (i) above, the Top-Heavy Ratio shall be computed pursuant to section 416(g) of the Code, and any regulations issued thereunder.

(iii) For Plan Years beginning after December 31, 1986, solely for the purpose of determining if the Plan, or any other plan included in a Required Aggregation Group of which this Plan is a part, is Top-Heavy (within the meaning of section 416(g) of the Code) the accrued benefit of an Employee other than a Key Employee (within the meaning of section 416(i)(1) of the Code) shall be determined (a) under the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Affiliated Employers, or if there is no such method, then (b) as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional accrual rule of section 411(b)(1)(C) of the Code.

(iv) For purposes of this Section only, "Accrued Benefit" shall include or exclude Rollovers pursuant to regulation 1.416-1, T-32.

(v) If an individual is not a Key Employee but was a Key Employee in a prior year or if any individual has not performed services for the Employer at any time during the five (5) year period ending on the Determination Date, any Accrued Benefit for such individual shall not be taken into account in determining the Top-Heavy status of the Plan.

(vi) The Accrued Benefit of any Employee (other than a Key Employee) shall be determined:

(1) under the method which is used for accrual purposes for all plans of the Employer or, if there is no such method,

(2) as if such benefit accrued not more rapidly than the slowest accrual rate permitted under section 411(b)(1)(C) of the Code.

(vii) The value of Account Balances and the present value of Accrued Benefits will be determined as of the most recent Valuation Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in section 416 of the Code and the regulations thereunder for the first and second plan years of a defined benefit plan.

(viii) The Accrued Benefit shall include any part of any account balance distributed in the 5-year period ending on the Determination Date.

(ix) The present value shall be based only on the interest rate and mortality rates specified in the defined benefit plan.

8.3 Aggregation of Plans. All Required Aggregation Groups shall be considered (pursuant to section 416(g) of the Code) with this Plan in determining whether this Plan is Top Heavy.

(a) If such aggregation constitutes a Top-Heavy group, each plan so aggregated shall be considered Top-Heavy.

(b) If such aggregation does not constitute a Top-Heavy group, none of the plans so aggregated shall be considered Top-Heavy.

At the direction of the Plan Administrator and subject to the restrictions of sections 401(a)(4) and 410 of the Code, Permissive Aggregation Groups may be considered with this Plan plus any Required Aggregation Groups to determine whether such group is Top-Heavy. If such aggregation does not constitute a Top-Heavy group, none of the plans so aggregated shall be considered Top-Heavy.

8.4 Minimum Contribution Rate. Subject to Section 8.7 below, for any Plan Year in which this Plan is Top-Heavy, a minimum contribution shall be made for each Non-Key Employee as of the last day of the Plan Year which shall equal the lesser of:

(a) three (3%) percent of Compensation; or

(b) the highest Contribution Rate received by a Key Employee in that Plan Year.

This Top-Heavy Contribution shall be made irrespective of such Non-Key Employee's Hours of Service, Compensation or failure to make contributions, as applicable hereunder.

8.5 Deposit of Minimum Contribution. The Plan Administrator shall deposit any minimum contribution made under this Section to a "Top-Heavy Contribution Account" for each Non-Key Employee. Such account shall become part of his Accrued Benefit and shall vest pursuant to Section 8.6 hereof.

8.6 Top-Heavy Vesting Schedule. In any Plan Year in which this Plan is Top-Heavy, any Member who is credited with at least one Hour of Service during such Plan Year shall vest in accordance with Section 5.1 or the following schedule, whichever produces the greater benefit:

Years of Service	Vested Percentage
Less than 2 years	0%
After 2 years but less than 3	20%
After 3 years but less than 4	40%
After 4 years but less than 5	60%
After 5 years but less than 6	80%
After 6 or more years	100%

During any Plan Year in which this Plan is not Top-Heavy, vesting shall be determined pursuant to Section 5, except that nonforfeitable rights obtained under the Top-Heavy vesting schedule shall continue as such.

SECTION 9

DESIGNATION OF BENEFICIARY

9.1 Named Beneficiary. Each Member may designate in writing, filed with the Plan Trustee, a Beneficiary to whom, in the event of the Member's death, all benefits or any unpaid balance of benefits shall be payable. However, each married Member who designates a Beneficiary other than his Spouse must provide the Plan Trustee with a spousal consent to the designation of such other Beneficiary. Such spousal consent shall set forth the effects of such waiver and must be either notarized or witnessed by a Plan representative. Subject to such spousal consent the Beneficiary (Beneficiaries) so designated may be changed by the Member at any time. The facts as shown by the records of the Plan Trustee at the time of death shall be conclusive as to the identity of the proper payee and the amount property payable, and payment made in accordance with such facts shall constitute a complete discharge of any and all obligations hereunder.

9.2 No Named Beneficiary. If no such designation is on file with the Plan Trustee at the time of death of the Member, or if such designation is not effective for any reason, then such death benefit shall be payable to the deceased Member's Spouse, if living. If such Spouse is not living, payment shall be made to the deceased Member's estate.

SECTION 10

MANAGEMENT OF THE FUND

10.1 Contributions Deposited to Trust. All contributions to the Plan by the Employer and Employees shall be committed in trust to the Trustee selected by the Plan Sponsor subject to the terms of the Trust created in Section 1 of the Trust Agreement, to be held, managed, and disposed of by the Trustee in accordance with the aforementioned terms of the Trust and this Plan. The Trustee selected may be changed from time to time by the Employer.

10.2 No Reversion to Employer. The Trust shall continue to contain such provisions as shall render it impossible, except as is provided under Sections 3.8 and 11.3, for any part of the corpus of the Trust or income thereon to be at any time used for, or diverted to, purposes other than for the exclusive benefit of Members or their Beneficiaries; and it may contain such other provisions relating to the custody, management and disposition of the Fund by the Trustee as shall be deemed advisable by the Employer.

SECTION 11

DISCONTINUANCE AND LIABILITIES

11.1 Termination. The Plan may be terminated at any time by the Plan Sponsor, but only upon condition that such action is taken under the Trust Agreement or otherwise, as shall render it impossible at any time under the Trust for any part of the corpus of the Trust or income thereon to be at any time used for, or diverted to, purposes other than for the exclusive benefit of active and retired employees, except as is provided under Sections 3.8 and 11.3. If the Plan is terminated the Fund shall be held for distribution by the Trustee, who shall distribute to the Members then participating in the Fund the full amount standing to their credit on the date of such termination, less the administrative costs to the Trustee for such distribution in accordance with the methods specified under Section 6.

In the event that the Employer sponsors any other defined contribution plan, if a Member does not consent to a distribution upon termination of this Plan, that Member's Accrued Benefit shall be transferred to the other aforesaid defined contribution plan. Notwithstanding the foregoing, if the Employer sponsors any other defined contribution plan, all salary deferral contributions will be transferred to said plan upon the termination of this Plan.

11.2 No Liability for Employer. The Employer shall have no liability with respect to the payment of benefits or otherwise under the Plan, except to pay over to the Trustee as provided in the Plan such contributions as are made by the Employer and any and all contributions made by the Members. Further, the Employer shall have no liability with respect to the administration of the Trust or of the Fund held by the Trustee, and each Member and/or Beneficiary shall look solely to the Fund for any payments or benefits under the Plan.

11.3 Administrative Expenses. The Employer may elect to pay all administrative expenses of the Plan, including compensation of the Trustee, consultants, auditor and counsel, but the Employer shall not be obliged to pay such expenses. If Employer elects not to pay such expenses, they shall be paid from the Trust. Any expenses directly relating to the investments of the Trust, such as taxes, commissions, and registration charges, shall be paid from the Trust.

11.4 Nonforfeitability Due to Termination(s). Upon termination, partial termination or upon permanent discontinuance of contributions under the Plan, the rights of all affected Employees to their Accrued Benefits accrued to the date of such termination, partial termination or discontinuance, shall become nonforfeitable.

11.5 Exclusive Benefit Rule. This Plan and Trust are for the exclusive benefits of the Members and their Beneficiaries. This Plan should be interpreted in a manner consistent with this intent and with the intention of the Employer that the Trust satisfy those provisions of the Code relating to employees' trusts.

11.6 Mergers. In the case of any merger or consolidation of the Plan with, or transfer of Plan assets or liabilities to, any other plan, provisions shall be made so that each Member in the Plan on the date thereof (if the Plan then terminated) would receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately prior to the merger, consolidation or transfer (if the Plan had then terminated).

11.7 Non-Allocated Trust Assets. Any portion of the Fund which is unallocated at the time of termination of the Plan shall be allocated among Members of the Plan in a nondiscriminatory manner selected by the Plan Administrator.

SECTION 12

ADMINISTRATION

12.1 Appointment of Plan Administrator. The Board shall appoint, on behalf of all Members, a Plan Administrator or committee to act as Plan Administrator. The Plan Administrator may be removed by the Board at any time and may resign at any time by submitting a written resignation to the Board. A new Plan Administrator shall be appointed as soon as possible in the event that the Plan Administrator is removed or resigns from his position.

12.2 Responsibilities and Duties. The Plan Administrator shall:

(a) be responsible for the day-to-day administration of the Plan. He may appoint other persons or entities to perform any of his fiduciary functions. Such appointment shall be made and accepted by the appointee in writing and shall be effective upon the written approval of the Board. The Plan Administrator and any such appointee may employ advisors and other persons necessary or convenient to help him carry out his duties including his fiduciary duties. The Plan Administrator shall have the right to remove any such appointee from his position. Any person, group of persons or entity may serve in more than one fiduciary capacity.

(b) maintain or cause to be maintained accurate and detailed records and accounts of employees and of their rights under the Plan and of all investments, receipts, disbursements and other transactions. Such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Board and by persons designated thereby.

(c) be the "named fiduciary," as defined under Section 402(a)(1) of ERISA, and shall have the authority to act with respect to any claim for benefits under the Plan. The Plan Administrator in its capacity as named fiduciary shall have the exclusive discretionary right to interpret the Plan, including those provisions governing eligibility and benefits, and to determine any questions arising under or in connection with the administration of the Plan, including without limitation, the authority to make factual determinations and resolve claims in accordance with Section 12.3. The Plan Administrator shall have full discretionary power and authority to determine the entitlement, rights or eligibility of employees, Members and/or any other persons, and the amount of benefits, if any due under the Plan. The Plan Administrator shall also have the discretionary right and authority to remedy ambiguities, inconsistencies or omissions arising under or in connection with the Plan. The construction and interpretations of the Plan and the determinations of the Plan Administrator hereunder, including, but not limited to, those pursuant to Section 12.3, shall be final and binding on all persons to the maximum extent permitted by law.

12.3 Claims Procedure. Each Member or Beneficiary must claim any benefit to which he believes he is entitled under this Plan by a written notification to the Plan Administrator.

The Plan Administrator shall decide whether to honor a claim within ninety (90) days of the date on which the claim is filed, unless special circumstances require a longer period for adjudication and the claimant is notified in writing of the reasons for an extension of time; provided, however, that no extensions shall be permitted beyond ninety (90) days after the date on which the claimant received notice of the extension of time from the Plan Administrator. If the Plan Administrator fails to notify the claimant of his decision to grant or deny such claim within the time specified by this subsection. such claim shall be deemed to have been denied by the Plan Administrator and the review procedure described below shall become available to the claimant.

If a claim is denied, it must be denied within a reasonable period of time and be contained in a written notice stating the following:

(a) the specific reason for the denial;

(b) a specific reference to the Plan provision on which the denial is based;

(c) a description of additional information necessary for the claimant to perfect his claim, if any, and an explanation of why such material is necessary; and

(d) an explanation of the Plan's claim review procedure.

The claimant shall have sixty (60) days to request a review of the denial by the Plan Administrator, who shall provide a full and fair review. The request for review must be written and submitted to the same person who handles initial claims. The claimant may review pertinent documents, and he may submit issues and comments in writing. The decision by the Plan Administrator with respect to the review must be given within sixty (60) days after receipt of the request, unless special circumstances require an extension (such as for a hearing). In no event shall the decision be delayed beyond one hundred and twenty (120) days after receipt of the request for review. The decision shall be written in a manner calculated to be understood by the claimants and it shall include specific reasons and refer to specific Plan provisions as to its effect.

12.4 Trustee Has Authority to Invest. All Funds of the Plan shall be invested by the Trustee in accordance with the provisions of the Plan and Trust Agreement, and the Trustee shall have full authority and liability in this regard. To the extent that individual Members are permitted to direct investment of their account balances, and to the extent a Member exercises such right to direct investment, the Trustee shall be relieved from any liability therefor.

12.5 Indemnification. To the extent permitted by law, the Plan Sponsor may be the Plan Administrator. In the event the Plan Sponsor is designated as the Plan Administrator, an individual or committee shall be appointed to represent the Plan Sponsor in this capacity. The Plan Sponsor shall indemnify any individual who is serving as Plan Administrator or who is acting on behalf of the Plan Sponsor in this capacity. Such individual shall be indemnified from any and all liability that may arise by reason of his action or failure to act concerning this Plan, excepting any willful misconduct or criminal acts.

12.6 Removal for Personal Involvement. No individual may participate in the consideration of any matter of or question concerning the Plan which specifically and uniquely relates to him because of his participation under the Plan.

SECTION 13

AMENDMENTS

13.1 Amendment Restrictions. The provisions of this Plan may be amended at any time and from time to time by the Plan Sponsor or any authorized representative thereof, provided that:

(a) no such amendment shall be effective unless this Plan, as so amended, shall be for the exclusive benefit of persons in, or formerly in, the employ of Employer, or their Beneficiaries; (b) no such amendment shall operate to deprive a Member of any rights or benefits irrevocably vested in him under the Plan prior to such amendment;

(c) each such amendment shall be adopted pursuant to the laws of the state of incorporation of the Employer, and a copy of such amendment shall be filed with the Trustee and the Plan Administrator; and

(d) no such amendment shall be effective to the extent that it decreases a Member's Accrued Benefit. For purposes of this Section 13, a Plan amendment which has the effect of decreasing a Member's Accrued Benefit or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment, shall be treated as reducing an Accrued Benefit.

If any amendment shall be necessary or desirable to conform to the provisions and requirements of the Code or any amendment thereto, or any regulation issued pursuant thereto, no such amendment thereto shall be considered prejudicial to the interest of a Member or his Beneficiary, or a diversion of any part of Fund to a purpose other than for their exclusive benefit.

13.2 Amending the Plan. The Board may amend the Plan at any time by board resolution or by such other action permitted by the Plan Sponsor's charter, bylaws, or such other method permitted by the laws of the state of incorporation of the Plan Sponsor.

13.3 Retroactive Amendments. Any modification or amendment of the Plan may be made retroactive if, on the advice of counsel, such retroactivity is deemed to be necessary in order for the Plan to conform to or satisfy the conditions of any law, governmental regulations or ruling, or to meet the requirements of applicable sections of the Code, or the corresponding regulations.

SECTION 14

LOANS

14.1 Permitted Loans. A Member may make application to the Plan Administrator to borrow from his vested Accrued Benefit. That application must be

made in writing and must specify the amount and term requested. The Plan Administrator shall determine whether the application for a loan is to be approved after an evaluation of all necessary documentation. All applications for loans shall be evaluated in a uniform and nondiscriminatory manner, and loans shall not be made available to Highly Compensated Employees in an amount greater than that for other Employees. Loans that are granted shall be subject to the following conditions:

(a) the aggregate amount of all such loans to a Member shall not exceed the lesser of:

(i) $50,000, reduced by the greatest value of any outstanding loan balance owed by the Member during the one-year period ending on the day before the loan is made, or

(ii) 50% of his vested Accrued Benefit;

(b) the minimum amount of any loan made hereunder shall be $1,000;

(c) a fee shall be charged for processing a loan application, and such fee shall be such amount as is then charged for such purpose under the Plan's loan program;

(d) loans must be repaid in full before a new loan will be granted; and

(e) an employee may have payroll deductions taken out of his regular or severance pay check to pay back his loan.

14.2 Collateral Required. A note shall be signed by the Member and his or her Spouse, if any, pledging not more than 50% of his vested Accrued Benefit equal to the value of the outstanding loan balance and such other collateral as may from time to time be required by controlling law or regulation.

Where the account balance is to be used as collateral, written spousal consent shall be obtained no earlier than the beginning of the 90-day period that ends on the date on which the loan is to be so secured. The consent must acknowledge the effect of the loan and must be witnessed by the Plan Administrator or a notary public.

14.3 Repayment. The loan shall be repaid in substantially equal installments consisting of principal and interest at least quarterly. The term of the loan is not to exceed five (5) years unless the loan is used to buy or build the Member's principal residence. Principal residence status shall be determined at the time of the loan. Loan repayments are to be deducted from the salary paid by the Employer to such Member, except that any loan made to a non-Employee shall be repaid by that non-Employee in substantially equal monthly installments.

14.4 Interest Charges. Interest shall be charged on loans based on the prime rate plus 2%.

14.5 Failure to Make Timely Payment. In the event an installment payment is not paid within thirty (30) days following the due date of an installment, the Plan Administrator shall give written notice to the Member sent to his last known address. If such installment payment is not made within thirty (30) days thereafter, the Plan Administrator shall have the right to accelerate the loan and to reduce the Member's Accrued Benefit to the extent permitted by law by the amount of the unpaid loan balance including interest then due. If the Member's Accrued Benefit must be used to eliminate any Plan loan which is in default, the Member's various accounts shall be depleted in the following order:

(a) Profit Sharing Contribution Account, to the extent vested

(b) Matching Contribution Account, to the extent vested

(c) Rollover Account

(d) Basic Contribution Account

14.6 Termination of Employment. In the event of the termination of a Member's employment before the loan is repaid in full, the unpaid balance thereof, together with interest immediately due thereon, shall become due and payable; and the Trustee shall first satisfy the indebtedness from the amount payable to the Member or to the Member's Beneficiary before making any payments to the Member or to the Member's Beneficiary. Employees can repay the loan in full upon termination.

14.7 Loans to Non-Employees. Any Member who ceases to be an active Employee may be eligible to borrow from the Plan under terms and conditions reflecting valid economic differences between active Members and other Members which would be considered in a normal commercial setting, such as the unavailability of payroll deductions for repayment. In addition, there will be an annual fee for the administration of each of such loans as determined by the Plan Administrator, and such fee shall be the amount as is then charged for such purpose under the Plan's loan program. In no event will loans be unreasonably withheld from any applicant. Notwithstanding the foregoing, however, no loan will be made available to a terminated Employee unless he is also a "party in interest" as that term is defined in ERISA section 3(14).

14.8 No Loans to Owner-Employees. Loans shall not be made to any Shareholder-Employee or Owner-Employee unless an exemption for such loan is obtained pursuant to ERISA section 408 and further provided that such loan would not be subject to tax pursuant to section 4975 of the Code.

14.9 General Administration. The Trustee and the Plan Administrator shall have the right to establish such procedures as may be reasonable, necessary or desirable to carry out the provisions of this Section 14.

14.10 Qualified Military Leave. Notwithstanding anything in Section 14 to the contrary, loan repayments will be suspended under the Plan as permitted under section 414(u)(4) of the Code.

SECTION 15

MISCELLANEOUS

15.1 "Spendthrift" Provision. Except as provided under section 401(a)(13) of the Code (and the regulations thereunder), no benefits payable under the Plan will be subject to the claim or legal process of any creditor of any Member or Beneficiary, and no Member or Beneficiary may alienate, transfer, anticipate or assign benefits under the Plan.

The preceding paragraph shall also apply to the creation, assignment, or recognition of a right to any interest or benefit payable with respect to a Member pursuant to a domestic relations order, unless the order is determined to be a Qualified Domestic Relations Order (as defined in section 414(p) of the Code). The Plan Administrator shall establish reasonable procedures in accordance with Section 15.2 to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

15.2 QDRO Exception. In the event that a Qualified Domestic Relations Order (as defined in section 414(p) of the Code) ("QDRO") is issued with respect to any Member, the Plan Administrator shall notify the Member and the alternate payee(s) of the order received and segregate and conservatively invest the portion of the Member's Accrued Benefit which would be payable to the alternate payee(s) as if the order received were a QDRO. Within 18 months of the order, the Plan Administrator shall proceed with either (a) or (b) as follows:

(a) if the order is determined to be a QDRO, the Plan Administrator shall pay the alternate payee(s), notwithstanding Section 6, (i) at the time specified in such order or, if the order permits, (ii) as soon after the Plan Administrator approves the order as is administratively feasible provided such distribution is permitted under applicable provisions of the Code; or

(b) if the order is determined not to be a QDRO, or the issue remains undetermined, the Plan Administrator shall pay the portions of the Member's Accrued Benefit segregated in accordance with the above to the Member or Beneficiary (Beneficiaries) who are otherwise entitled to such benefit.

If, 18 months after issuance of the order, a determination is made that the order is a QDRO, the determination shall be applied prospectively only.

Notwithstanding any provision in the Plan to the contrary, a distribution may be made to an alternate payee even if the distribution is made with respect to a Member who has not separated from service and the distribution commences prior to the

Member's "earliest retirement age" (as defined in section 414(p)(4)(B) of the Code). If the value of the benefit to be paid to the alternate payee does not exceed $5,000, the distribution shall automatically be made in the form of a lump sum as soon as administratively feasible following the date that the domestic relations order is deemed to be qualified. If the value of the benefit to be paid to the alternate payee exceeds $5,000, a distribution may be made prior to the earliest retirement age only if the alternate payee consents in writing to such early distribution; provided that if on any later date the value of the benefit to be paid to the alternate payee is not greater than $5,000, the value of the benefit to be paid to the alternate payee shall be automatically distributed in the form of a lump sum as soon as administratively feasible following the later of the (i) the date that the value of the benefit is not greater than $5,000, and (ii) the date that the domestic relations order is deemed to be qualified.

15.3 No Guarantee of Employment. Nothing contained in this Plan or the Trust shall be held or construed to create any liability upon the Employer to retain any Employee in its employ. The Employer reserves the right to discontinue the services of any Employee without any liability except for salary or wages that may be due and unpaid whenever, in its judgment, its best interests so require.

15.4 State Law. The Plan shall be construed, administered and governed in all respects in accordance with the laws of the State of New York to the extent such laws are not superseded by federal law. If any provision herein is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

SECTION 16

DIRECT ROLLOVER PROVISIONS

16.1 Application of Article. This Article applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Article, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

16.2 Definitions.

(a) Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of any benefit due to the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code; the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer

securities); and any other distribution(s) that is reasonably expected to total less than $200 during a Plan Year; effective January 1, 2000, any hardship distributions as described in Section 401(k)(2)(B)(i)(IV), which are attributable to the Member's Basic Contributions under Treasury Regulation 1.401(k)-(d)(2)(ii).

(b) Eligible Retirement Plan. An Eligible Retirement Plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, or a qualified trust that is part of a defined contribution plan described in section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

(c) Distributee. A Distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.

(d) Direct Rollover. A Direct Rollover is a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

APPENDIX A

	Eligibility	Vesting
Acquired Companies	Original Date of Hire by Acquired Company	Original Date of Hire by Acquired Company
Franklin Specialty Stores	X	
Polo Players	X	X

Exhibit 10.34

CONSULTING AGREEMENT

This agreement, is entered into as of April , 2002, by and between Ralph Lauren Home Collection, Inc. ("RLHC") and Arnold Aronson ("Consultant") with respect to RLHC's engagement of Consultant to provide Services for the Ralph Lauren Home Collection division of RLHC (the "Home Collection" as defined herein below.

In full and complete consideration of the mutual promises set forth herein below, the parties agree as follows:

1. SERVICES. RLHC shall engage Consultant on a non-exclusive basis to provide, and Consultant has agreed to provide to the best of his ability, the following services:

> Consult with the Home Collection regarding all aspects of developing its domestic and international growth strategy, which shall include both wholesale and retail opportunities in the United States and all other global markets, as well as those services that may be reasonable requested of Consultant by the President of the Home Collection from time to time (the "Services").

In providing Services hereunder, Consultant shall devote a minimum of two (2) days per week during the Term as defined below or not less than a total of one hundred (100) days per calendar year during the Term as defined below. The Services shall be provided by Consultant during normal business hours at a location mutually agreed upon by consultant and RLHC.

2. TERM. The term of this Agreement shall be for a period of two (2) years (the "Term") commending on or about March 25, 2002 and shall expire on or about March 4, 2004, unless RLHC and Consultant shall otherwise agree in writing to extend the Term beyond such expiration date.

3. COMPENSATION. As compensation for providing Services hereunder, Consultant shall receive a fee in the amount of $250,000.00 per each calendar year during the Term, payable in equal monthly

installments within fifteen (15) business days of RLHC's receipt of Consultant's invoice for same.

4. EXPENSES. In the event that Consultant is required, in connection with the performance of Services hereunder, to incur business expenses, e.g. travel and lodging, RLHC shall reimburse Consultant for all reasonable and necessary expenses that have been approved in advance by RLHC in writing. In connection with such expenses, Consultant shall submit to RLHC documentation substantiating same, e.g., receipts, and shall be reimbursed within fifteen (15) business days of RLHC's receipt of an invoice together with such substantiating documentation.

5. WORK PRODUCT. (a) Consultant hereby agrees that all materials, ideas, writings and other property, whether or not copyrightable, created or adapted by him, whether alone or in conjunction with any other person, firm or corporation (hereinafter referred to as "Person") arising out of or created in connection with Services provided for RLHC hereunder (the "Work Product") shall be "work made for hire" for RLHC within the meaning of the United States Copyright Act of 1976 and for all other purposes and as such, the sole and exclusive property of RLHC.

(b) Consultant hereby assign exclusively to RLHC in perpetuity, all right, title and interest of any kind whatsoever, in and to the Work Product, including any and all copyrights thereto (and the exclusive right to register copyrights), and represent and warrant that you have not previously assigned such rights or any portion thereof to any other Person. Accordingly, all rights in and to the Work Product, including any materials derived therefrom or based thereon and regardless of whether any such Work Product is actually used by RLHC, shall from its creation be owned exclusively by RLHC and Consultant will not have or claim to have any rights of any kind whatsoever in such Work Product. Without limiting the generality of the foregoing, Consultant will not make any use of any of the Work Product in any manner whatsoever without RLHC's prior written consent.

(c) Consultant represents and warrants that the Work Product provided by him hereunder will be original works created by him or a third party and not previously published in any form and that the use by RLHC Work Product will not violate or infringe any copyright or other proprietary or privacy right of any other Person and that RLHC will have the right to use the Work Product in perpetuity without obligation to any Person. In the event of any breach of this representation and warranty, Consultant agrees to indemnify RLHC and hold it harmless from and

against any and all claims, costs, liabilities and expenses incurred by it as a result of such breach.

6. CONFIDENTIALITY. In connection with providing Services hereunder, RLHC will provide Consultant with and permit Consultant to have access to confidential and proprietary information and material, which if disclosed could adversely affect the business operations of RLHC and RLHC's affiliated companies, divisions, officers, executives and employees (hereinafter collectively, "RLHC Affiliates"). Such confidential and proprietary information may include, without limitation, design and branding strategies, business, financial, marketing, advertising and promotional plans and materials, and other such information relating to RLHC and RLHC Affiliates (hereinafter "Confidential Information"). All such information furnished to Consultant and to which Consultant is given access, whether furnished before or after the date hereof, and regardless of the manner in which it is furnished, is considered by RLHC to be Confidential Information. Unless otherwise agreed to in advance and in writing by RLHC, Consultant agrees, except as required by law, to keep all Confidential Information secret and strictly confidential and not to disclose or reveal any Confidential Information to any third party for any reason whatsoever. In the event that Consultant is required by applicable law or regulation or by legal process to disclose any Proprietary Information, Consultant agrees to provide RLHC with prompt notice of such request(s) and will furnish only that portion of the Proprietary Information which, in the opinion of counsel, Consultant is legally compelled to disclose. In the event that, for any reason, Consultant is no longer rendering Services to RLHC, Consultant will promptly deliver to RLHC or, if RLHC so notifies Consultant in writing, destroy, all Proprietary Information he has received, including all copies, reproductions, summaries, analyses or extracts thereof or based thereon in his possession.

8. INDEPENDENT CONTRACTOR. In performing Services under this Agreement, Consultant will be acting as an independent contractor and not as an employee of RLHC for any purpose whatsoever, including but not limited to workers compensation, health insurance and other benefits offered by RLHC to its employees and the withholding and payment of income taxes with respect to the compensation being paid to Consultant hereunder. Further, Consultant will not have any authority or ability to bind, contract on behalf of or otherwise obligate RLHC in any manner.

9. ENTIRE AGREEMENT. This Agreement contains the entire and complete understanding of the parties and may not be amended except by a writing signed by both parties.

10. GOVERNING LAW. This Agreement is intended to be interpreted and construed in accordance with the laws of the State of New York applicable to agreements wholly made and to be performed therein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of ___________, 2002.

RALPH LAUREN HOME COLLECTION, INC.	ARNOLD ARONSON
By: /s/	/s/ ARNOLD ARONSON
-----------------------------	------------------------
Authorized Signatory	

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-46808 of Polo Ralph Lauren Corporation on Form S-8 of our report dated May 21, 2002, (which report expresses an unqualified opinion and includes explanatory paragraphs related to the elimination of a reporting lag and a change in method of accounting) appearing in the Annual Report on Form 10-K of Polo Ralph Lauren Corporation for the year ended March 30, 2002.

New York, New York
June 25, 2002

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-29023 of Polo Ralph Lauren Corporation on Form S-8 of our report dated May 21, 2002, (which report expresses an unqualified opinion and includes explanatory paragraphs related to the elimination of a reporting lag and a change in method of accounting) appearing in the Annual Report on Form 10-K of Polo Ralph Lauren Corporation for the year ended March 30, 2002.

New York, New York
June 25, 2002